

Registered number: 07033682

INFINITY RELIANCE LIMITED

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



INFINITY RELIANCE LIMITED

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INFINITY RELIANCE LIMITED

COMPANY INFORMATION

Directors

M B Kraftman
D E Price
J S Sitton
M T Wagner
M A Cress
J Martin

Registered number

07033682

Registered office

Unit 4
Cheaney Drive
Grange Park Industrial Estate
Northampton
NN4 5FB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Rd
Watford
WD17 1JJ

INFINITY RELIANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic Report of Infinity Reliance Limited (the "Company") for the year ended 31 December 2020.

Review of the business

The principal activity of the Company is the sale of personalised baby and children's gifts through ecommerce channels.

The year to 31 December 2020 represented a year of progress for the Company. Revenues increased by 56.5% to £20,416,460 (2019: £13,043,459). The vast majority of the Company's revenues are generated from its own website, as opposed to through partner websites or retail concessions. Sales from the website increased by 73.4%, a higher rate than the Company total. Gross profit margin increased to 49.9% of revenue (2019: 40.6%). The operating profit increased to £1,597,559 (2019: loss £2,796,689). The directors believe that initiatives begun in 2020 will contribute to a profitable result in the next financial year.

The directors consider key performance indicators to be revenue and profit measures as detailed above.

Principal risks and uncertainties

Foreign exchange risk

The Company is exposed to foreign exchange risk, primarily with respect to the US dollar, which is the transactional currency for some of the Company's stock suppliers. The Company monitors its US dollar exposure continuously and may hedge this risk through the use of spot and forward exchange contracts.

Credit risk

Credit risk is the loss of value of financial assets due to counterparties failing to meet all or part of their obligations as they fall due. Trade receivables are kept at a low level because of the nature of the Company's business and no major risks are considered to arise in this area.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Board receives regular cash flow projections and information regarding cash balances. The projections indicate the Company is expected to have sufficient liquid resources to meet its financial obligations as they fall due.

Cybersecurity and GDPR

As an ecommerce business, the Company holds consumer data for order processing and marketing purposes. The Company complies with GDPR regulations and mitigates risks relating to cybersecurity.

Covid-19

Covid-19 creates considerable uncertainty for the economic environment, as well as for the conditions of workplaces and supply chains. Furthermore, the impact of Covid-19, will depend on the effectiveness of societal containment measures. The Company has assessed working practices to ensure compliance with government guidelines and cultivated multiple sources of supply to assure the resilience of the supply chain. The Company's trading has been robust during the Covid-19 outbreak and characterised by a significant uplift in sales volumes. The Company's production facility has successfully processed substantially increased unit volumes and exhibited the benefits of investment over many years in technology to personalise products at scale.

INFINITY RELIANCE LIMITED

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

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



J S Slitton
Director

Date: 22.12.2021

INFINITY RELIANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements of Infinity Reliance Limited (the "Company") for the year ended 31 December 2020.

Results and dividends

The profit for the financial year, after taxation £1,601,495 (2019: loss £2,630,979). The net assets at the end of the year were £2,688,046 (2019: £1,086,551). Cash at bank and in hand at the end of the year was £4,374,751 (2019: £2,229,035).

The directors do not recommend the payment of a dividend (2019: £Nil).

Post balance sheet events

In the early hours of May 1st 2021 the Company suffered a major fire at its warehouse and production facility in Northampton. The fire destroyed nearly all of the Company's tangible assets and stock. As a result, the Company was unable to trade for over four months.

On June 4th 2021 the Company entered into a Deed of Amendment with the Anglo Eastern Trust, which varied the terms of its existing loan facility. The amendment increased the size of the loan facility from £750,000 to £2,800,000. Following the settlement of the Company's insurance claims the loan facility was fully repaid in October 2021.

On June 9th 2021 the Company entered into a fifteen year lease for a new warehouse. The Company subsequently initiated a programme of significant capital expenditure involving installation of pallet racking and the construction of a production space to house the Company's personalisation machines.

The rapid completion of the above capital expenditure programme enabled the Company to resume trading at scale on September 22nd. The directors are encouraged by the trading results following the resumption of trading and by the efficiency of the new warehouse operation in fulfilling orders. The directors believe that the Company has emerged from the fire with a high quality asset base that will support future growth.

The Company has reached full and final settlements with its various insurers following the fire. The directors believe that these settlements combined with cash flow generated from operations provide sufficient funding to meet the Company's future financial commitments.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated were:

M B Kraftman
D E Price
J S Sitton
M T Wagner
M A Cress (appointed 24 July 2020)
J Martin (appointed 25 June 2020)

Future developments

The Company continues to invest in its product sourcing and design functions. The directors believe that high quality and distinctive products are essential to enable further improvements in average order value and customer acquisition and retention metrics. As part of this investment in product, the Company will expand its offering within its existing product categories and develop products for adjacent categories within its core baby and children gifting proposition. The Company has realised increasing efficiencies over several years by reducing the cost per unit of personalising its products. Over the coming year the Company will aim to secure and extend these efficiencies in the new production facility.

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

Going concern

The directors have reviewed the detailed budgets and cash flow forecasts for the business and consider that the Company has access to sufficient financial resources to enable it to continue its operations and meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. As part of this assessment, the directors have also evaluated sensitivities to the base case forecast which represent a severe but plausible downside scenario. The directors have also considered the impact of the Covid-19 pandemic on the Company's financial position and operations. As noted in the Strategic Report, the onset of the pandemic has coincided with substantially increased sales volumes. The directors have also considered the additional uncertainties associated with the Company's recovery from the fire which occurred on May 1st 2021, the period the Company was unable to trade, and the resumption of trade on 22 September 2021. The directors have also considered the extent to which the insurance proceeds received have helped to mitigate these uncertainties. Accordingly, the directors deem it appropriate to prepare the financial statements on a going concern basis.

Qualifying third party indemnity provisions

In line with standard practice, the Company maintains Directors and Officers insurance cover for directors and managerial staff.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

The directors 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.

INFINITY RELIANCE LIMITED

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



J S Sitton
Director

Date: 22.12.2021

Report on the audit of the financial statements

Opinion

In our opinion, Infinity Reliance Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2020; Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFINITY RELIANCE LIMITED
(CONTINUED)**

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to General Data Protection Regulation (GDPR), Employment Law and Tax Law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with Management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or journals posted by unexpected users;
- Reviewing minutes of meetings with those charged with governance;
- As required by ISA 240, incorporating an element of unpredictability into our audit testing; and
- Challenging assumptions and judgements made by Management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INFINITY RELIANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFINITY RELIANCE LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Paola Brazier

Paola Brazier (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
Date: 22/12/2021

INFINITY RELIANCE LIMITED

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

	Note	2020 £	2019 £
Turnover	4	20,416,460	13,043,459
Cost of sales		(10,232,684)	(7,750,659)
Gross profit		10,183,776	5,292,800
Distribution costs		(4,544,395)	(3,448,598)
Administrative expenses		(4,041,822)	(4,640,891)
Operating profit/(loss)	5	1,597,559	(2,796,689)
Interest payable and similar expenses	9	(116,370)	(48,540)
Profit/(loss) before taxation		1,481,189	(2,845,229)
Tax on profit/(loss)	10	120,306	214,250
Profit/(loss) for the financial year		1,601,495	(2,630,979)
Total comprehensive income/(expense) for the financial year		1,601,495	(2,630,979)

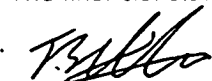
The notes on pages 15 to 31 form part of these financial statements.

INFINITY RELIANCE LIMITED
REGISTERED NUMBER: 07033682

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	875,890	799,150
Tangible assets	12	832,214	670,501
Investments	13	-	-
		<u>1,708,104</u>	<u>1,469,651</u>
Current assets			
Stocks	14	2,203,021	1,507,056
Debtors	15	1,230,462	868,676
Cash at bank and in hand	16	4,374,751	2,229,035
		<u>7,808,234</u>	<u>4,604,767</u>
Creditors: amounts falling due within one year	17	<u>(5,687,073)</u>	<u>(4,254,781)</u>
Net current assets		<u>2,121,161</u>	<u>349,986</u>
Total assets less current liabilities		<u>3,829,265</u>	<u>1,819,637</u>
Creditors: amounts falling due after more than one year	18	(1,141,219)	(733,086)
Net assets		<u><u>2,688,046</u></u>	<u><u>1,086,551</u></u>
Capital and reserves			
Called up share capital	22	5,964	5,964
Share premium account	23	11,650,373	11,650,373
Profit and loss account	23	(8,968,291)	(10,569,786)
Total shareholders' funds		<u><u>2,688,046</u></u>	<u><u>1,086,551</u></u>

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



J S Sitton
Director

Date: 22.12.2021

The notes on pages 15 to 31 form part of these financial statements.

INFINITY RELIANCE LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2019	5,964	11,650,373	(7,938,807)	3,717,530
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(2,630,979)	(2,630,979)
Total comprehensive expense for the financial year	-	-	(2,630,979)	(2,630,979)
At 31 December 2019 and 1 January 2020	5,964	11,650,373	(10,569,786)	1,086,551
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,601,495	1,601,495
Total comprehensive income for the financial year	-	-	1,601,495	1,601,495
At 31 December 2020	5,964	11,650,373	(8,968,291)	2,688,046

The notes on pages 15 to 31 form part of these financial statements.

INFINITY RELIANCE LIMITED

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

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,601,495	(2,630,979)
Adjustments for:		
Amortisation of intangible assets	172,969	360,380
Depreciation of tangible assets	201,575	119,132
Interest paid	116,370	48,540
Taxation credit	120,306	(214,250)
(Increase)/decrease in stocks	(695,965)	295,998
Decrease in debtors	(361,786)	(142,372)
Increase in creditors	1,469,965	1,977,415
Corporation tax (paid)/received	(120,306)	-
Net cash generated from/(used in) operating activities	2,504,623	(186,136)
Cash flows from investing activities		
Purchase of intangible assets	(249,709)	(576,944)
Purchase of tangible assets	(153,969)	(86,027)
Net cash used in investing activities	(403,678)	(662,971)
Cash flows from financing activities		
Increase in short term financing	-	104,558
Repayment of short term financing	(104,558)	-
Long term borrowing	330,000	-
Finance lease repayments	(82,147)	(15,534)
Interest paid	(98,524)	(30,695)
Net cash generated from financing activities	44,771	58,329
Net increase/(decrease) in cash and cash equivalents	2,145,716	(790,778)
Cash and cash equivalents at beginning of financial year	2,229,035	3,019,813
Cash and cash equivalents at the end of financial year	4,374,751	2,229,035
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	4,374,751	2,229,035

The notes on pages 15 to 31 form part of these financial statements.

INFINITY RELIANCE LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	2,229,035	2,145,716	-	-	4,374,751
Debt due after 1 year	(648,389)	(330,000)	-	(17,845)	(996,234)
Debt due within 1 year	(104,558)	104,558	-	-	-
Finance leases	(134,303)	-	(127,172)	-	(261,475)
	<u>1,341,785</u>	<u>1,920,274</u>	<u>(127,172)</u>	<u>(17,845)</u>	<u>3,117,042</u>

The notes on pages 15 to 31 form part of these financial statements.

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

1. General information

Infinity Reliance Limited (the "Company") is a private company limited by share capital, incorporated in England and Wales, registration number 07033682. The address of the registered office is Unit 4, Cheaney Drive, Grange Park Industrial Estate, Northampton, NN4 5FB.

The principal activity of the Company is the sale of personalised baby and children's gifts.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

2.3 Going concern

The directors have reviewed the detailed budgets and cash flow forecasts for the business and consider that the Company has access to sufficient financial resources to enable it to continue its operations and meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. As part of this assessment, the directors have also evaluated sensitivities to the base case forecast which represent a severe but plausible downside scenario. The directors have also considered the impact of the Covid-19 pandemic on the Company's financial position and operations. As noted in the Strategic Report, the onset of the pandemic has coincided with substantially increased sales volumes. The directors have also considered the additional uncertainties associated with the Company's recovery from the fire which occurred on May 1st 2021, the period the Company was unable to trade, and the resumption of trade on 22 September 2021. The directors have also considered the extent to which the insurance proceeds received have helped to mitigate these uncertainties. Accordingly, the directors deem it appropriate to prepare the financial statements on a going concern basis.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and the financial statements have been presented to the nearest pound.

Transactions and balances

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

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

2.5 Revenue

Revenue is measured as the fair value of the consideration received or receivable, net of discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

2. Accounting policies (continued)

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in Statement of Comprehensive Income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

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

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

2. Accounting policies (continued)

2.12 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities arise from income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an ability and intention to settle the balances at the same time.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	6	years straight line
Website development	-	6	years straight line

Other intangible assets represent website development costs. Expenditure on internal development is capitalised only if the costs can be measured reliably, the product or output is technically feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete and use or sell the asset. Otherwise it is recognised in the profit and loss when incurred.

2.14 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

2. Accounting policies (continued)

2.14 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Short-term leasehold property	- 10 years straight line
Plant and machinery	- 10 years straight line
Office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.15 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stocks to its present location and condition.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit or loss.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

2. Accounting policies (continued)

2.19 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 and 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 and loss.

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at the market rate of interest.

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

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

Loans to fellow group undertakings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

4. Turnover

The whole of the turnover is attributable to principal activity of the Company.

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	19,077,871	12,074,550
Rest of the world	1,338,589	968,909
	<u>20,416,460</u>	<u>13,043,459</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020	2019
	£	£
Depreciation charges	201,575	119,132
Amortisation charges	172,969	360,380
Foreign exchange	20,289	37,242
	<u>394,833</u>	<u>516,754</u>

Marketing costs are classified as distribution costs.

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

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	35,000	30,000
Fees payable to the Company's auditors in respect of:		
Tax compliance services	5,000	4,500
Other services	1,764	1,680
	6,764	6,180

7. Employees

	2020 £	2019 £
Wages and salaries	3,710,627	3,414,199
Social security costs	162,744	182,940
Other pension costs	51,419	56,882
	3,924,790	3,654,021

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

	2020 Number	2019 Number
Administration	47	41
Retail	11	23
Operations	103	78
	161	142

INFINITY RELIANCE LIMITED

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

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	444,680	320,512

The highest paid director received remuneration of £158,387 (2019: £146,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,742 (2019: £9,865).

9. Interest payable and similar expenses

	2020 £	2019 £
Loan interest payable	85,831	30,695
Preference share dividends	17,845	17,845
Lease interest payable	12,694	-
	116,370	48,540

10. Tax on profit/(loss)

	2020 £	2019 £
Corporation tax		
Adjustments in respect of prior years	(120,304)	(214,250)
Total current tax	(120,304)	(214,250)
Deferred tax		
Origination and reversal of timing differences	(1)	-
Adjustments in respect of prior years	(1)	-
Total deferred tax	(2)	-
Total tax	(120,306)	(214,250)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
10. Tax on profit/(loss) (continued)**Factors affecting tax credit for the year**

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

	2020	2019
	£	£
Profit/(loss) before taxation	1,481,189	(2,845,229)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	281,426	(540,594)
Effects of:		
Expenses not deductible for tax purposes	13,937	12,387
Adjustments in respect of prior years	(120,305)	(214,250)
Unrelieved tax losses carried forward	(295,364)	528,207
Total tax credit for the financial year	(120,306)	(214,250)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

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

11. Intangible assets

	Patents £	Website development £	Total £
Cost			
At 1 January 2020	9,888	1,811,992	1,821,880
Additions	-	249,709	249,709
Disposals	-	(740,649)	(740,649)
At 31 December 2020	9,888	1,321,052	1,330,940
Accumulated amortisation			
At 1 January 2020	6,932	1,015,798	1,022,730
Charge for the year	1,064	171,905	172,969
Disposals	-	(740,649)	(740,649)
At 31 December 2020	7,996	447,054	455,050
Net book value			
At 31 December 2020	1,892	873,998	875,890
At 31 December 2019	2,956	796,194	799,150

INFINITY RELIANCE LIMITED

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

12. Tangible assets

	Short-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2020	144,529	930,529	1,075,058
Additions	184,194	179,094	363,288
Disposals	(27,569)	(40,000)	(67,569)
At 31 December 2020	301,154	1,069,623	1,370,777
Accumulated depreciation			
At 1 January 2020	27,808	376,749	404,557
Charge for the year	47,039	154,536	201,575
Disposals	(27,569)	(40,000)	(67,569)
At 31 December 2020	47,278	491,285	538,563
Net book value			
At 31 December 2020	253,876	578,338	832,214
At 31 December 2019	116,721	553,780	670,501

Finance lease commitments with a net book value of £162,080 (2019: £70,688) are included within Plant & Machinery, & £38,893 (2019: £Nil) are included within short-term leasehold property.

13. Investments

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
My 1st Years Limited	Unit 4 Cheaney Drive Grange Park Industrial Estate Northampton NN4 5FB	Ordinary	100%

The subsidiary is dormant and has never traded.

INFINITY RELIANCE LIMITED

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

14. Stocks

	2020 £	2019 £
Raw materials and consumables	20,737	31,031
Finished goods and goods for resale	2,182,284	1,476,025
	<u>2,203,021</u>	<u>1,507,056</u>

15. Debtors

	2020 £	2019 £
Trade debtors	88,964	142,855
Other debtors	962,537	527,052
Prepayments and accrued income	178,961	198,769
	<u>1,230,462</u>	<u>868,676</u>

16. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	4,374,751	2,229,035

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Other short term financing	-	104,558
Trade creditors	4,448,803	3,187,680
Obligations under finance lease and hire purchase contracts	116,491	49,606
Taxation and social security	397,124	242,395
Other creditors	72,112	84,076
Accruals and deferred income	652,543	586,466
	<u>5,687,073</u>	<u>4,254,781</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
18. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other financing	330,000	-
Obligations under finance leases and hire purchase contracts	144,984	84,697
Preference shares dividend payable	71,383	53,537
Preference shares	594,852	594,852
	<u>1,141,219</u>	<u>733,086</u>

The preference shares are not redeemable, do not entitle the holders any right to vote and accrue a cumulative cash preferential dividend equal to 3% per annum of the issue price.

19. Commitments under finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Less than one year	116,491	49,606
One to two years	101,977	49,606
Two to five years	43,007	35,091
	<u>261,475</u>	<u>134,303</u>

20. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at amortised cost	<u>1,051,501</u>	<u>669,907</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>5,121,071</u>	<u>3,851,727</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, obligations under finance lease and hire purchase contracts, other creditors and accruals.

INFINITY RELIANCE LIMITED

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

21. Deferred taxation

	2020 £
At beginning of year	-
Charged to profit or loss	(1)
Other	2
Adjustments in respect of prior years	(1)
At end of year	-

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	135,476	-
Short term timing differences - trading	(4,113)	-
Losses	(131,363)	-
	-	-

22. Called up share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
186,177 (2019: 186,177) Ordinary shares of £0.01 (2019: £0.01) each	1,862	1,862
84,221 (2019: 84,221) Ordinary A shares of £0.01 (2019: £0.01) each	842	842
84,221 (2019: 84,221) Ordinary B shares of £0.01 (2019: £0.01) each	842	842
142,625 (2019: 142,625) Ordinary C shares of £0.01 (2019: £0.01) each	1,426	1,426
99,198 (2019: 99,198) Ordinary D shares of £0.01 (2019: £0.01) each	992	992
	5,964	5,964
	2020 £	2019 £
Shares classified as debt		
Allotted, called up and fully paid		
594,852 (2019: 594,852) Preference shares of £1.00 (2019: £1.00) each	594,852	594,852

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
23. Reserves**Share premium account**

The share premium account represents amounts raised on the initial allotment of share capital in excess of the nominal value of shares issued, less any costs directly attributable to the issue of that share capital.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

24. Share based payments

Certain employees of the Company have been granted share options. The options are granted with a fixed exercise price and can only exercised in an "exit event" as defined by the option agreement. Options expire on the 10th anniversary of the grant date and lapse when employment ceases. Share options are equity-settled and vest over a period specified in the option contract. The fair value of options has been determined using the Black-Scholes model and has been judged to be immaterial. As such, no charge has been recognised in the financial statements.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year	2.66	38,793	4.10	39,377
Granted during the year	27.87	4,858	2.35	4,278
Forfeited during the year	14.07	(2,275)	14.07	(4,862)
Outstanding at the end of the year	4.99	41,376	2.66	38,793

Of the total number of options outstanding at the end of the year 36,518 had vested (2019: 35,703). No share options were exercised during the year.

The Black-Scholes method was used as it is recognised as the common method for valuing options.

25. Pension commitments

The Company contributes to defined contributions pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the fund and amounted to £51,419 (2019: £56,882). Contributions totalling £21,649 (2019: £27,896) were payable to the pension fund at the Balance Sheet date.

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

26. Related party transactions

During the year, the Company paid monitoring fees of £35,338 (2019: £32,073) to Beringea LLP. Affiliates of Beringea LLP are shareholders of the Company.

During the year, the Company received loan advances totalling £300,000 from a trust affiliated with a shareholder of the Company (2019: £Nil). Fees and interest of £29,730 (2019: £Nil) were charged on the loan during the year. As at the Balance Sheet date the Company owed £312,760 (2019: £Nil).

During the year, the Company received loan advances totalling £30,000 from a trust affiliated with a director of the Company (2019: £Nil). Fees and interest of £1,726 (2019: £Nil) were charged on the loan during the year. As at the Balance Sheet date the Company owed £31,973 (2019: £Nil).

27. Key management personnel

All the key management personnel are the directors of the Company.

28. Post balance sheet events

In the early hours of May 1st 2021 the Company suffered a major fire at its warehouse and production facility in Northampton. The fire destroyed nearly all of the Company's tangible assets and stock. As a result, the Company was unable to trade for over four months.

On June 4th 2021 the Company entered into a Deed of Amendment with the Anglo Eastern Trust, which varied the terms of its existing loan facility. The amendment increased the size of the loan facility from £750,000 to £2,800,000. Following the settlement of the Company's insurance claims the loan facility was fully repaid in October 2021.

On June 9th 2021 the Company entered into a fifteen year lease for a new warehouse. The Company subsequently initiated a programme of significant capital expenditure involving installation of pallet racking and the construction of a production space to house the Company's personalisation machines.

The rapid completion of the above capital expenditure programme enabled the Company to resume trading at scale on September 22nd. The directors are encouraged by the trading results following the resumption of trading and by the efficiency of the new warehouse operation in fulfilling orders. The directors believe that the Company has emerged from the fire with a high quality asset base that will support future growth.

The Company has reached full and final settlements with its various insurers following the fire. The directors believe that these settlements combined with cash flow generated from operations provide sufficient funding to meet the Company's future financial commitments.

29. Ultimate parent undertaking and controlling party

The Company had no ultimate controlling party during the year.