

REGISTERED NUMBER: 08073879 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020
FOR
CUBICO (UK) LIMITED**

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FOR THE YEAR ENDED 30 NOVEMBER 2020**

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CUBICO (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2020**

DIRECTORS:

C A Waddington
Ms L K Green
S Browett
S Tattersley
A Marsh

REGISTERED OFFICE:

27 Oakwell Way
Birstall
Batley
West Yorkshire
WF17 9LU

REGISTERED NUMBER:

08073879 (England and Wales)

AUDITORS:

Cresswells Accountants (UK) Limited
Chartered Accountants
and Statutory Auditors
12 Market Street
Hebden Bridge
West Yorkshire
HX7 6AD

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The directors present their strategic report for the year ended 30 November 2020.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the sale of tiles and other bathroom products via our network of stores and wholesale and online sales channels.

INDUSTRY OVERVIEW

In addition to the impact of Brexit on consumer confidence, the UK bathroom sector continues to face specific challenges which include disruption to supply due to a weaker pound and increasing freight costs.

In addition to the above, the Coronavirus (Covid-19) pandemic has impacted results during 2020. The government-imposed lockdown, which closed retail showrooms between 24 March and 1 June 2020, had a negative impact on the company's results during the period, but an increased interest in home-refurbishments has meant the business has managed to recover much of the lost revenue.

REVIEW OF BUSINESS

As of November 2020, the company operates 63 retail outlets, which accounted for 76% of total revenues during the period, with the remainder coming from business-to-business and online revenue streams.

Despite the challenges of Brexit and the Covid-19 pandemic, the company remained focused on the controlled growth strategy by opening 21 new retail outlets during the reporting period, whilst maintaining and nurturing relationships with our existing customer base.

In addition to the core business, the retail outlets are supported by a fully functional e-commerce website, with online customer support and aftercare guides. The company has further invested in our online presence during the reporting period, to increase website sales and drive footfall to the stores.

The company has continued to invest in the product portfolio, systems, and quality of staff in key roles within the business. Notably, we have invested further in our warehousing and distribution operations to improve efficiencies, service, and the overall customer experience.

Continued investment has allowed the business to create 127 new job roles across the business in various geographical locations during the period (an uplift of 60%) and will ensure this continues into next year to support the predicted economic recovery of the UK in 2021.

The results for the company show an operating profit of £6,263,948 for the year to 30 November 2020 and turnover of £46,547,854 for the same period.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the companies growth strategy are subject to several risks.

The directors ensure that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business:

Economic and market risk - Reduced consumer confidence in the UK, because of the referendum vote to leave the European Union or 'Brexit' is managed through our ability to adapt in a changing market and the diversity of our sales channels. We closely monitor competitor activity, keep up to date with EU legislation, keep our cost base under control and ensure we focus on value, service, and quality to remain competitive.

Supply risk - With increasing globalisation of supply chains, the company recognises the risk to the supply of products and services, particularly with international suppliers. To mitigate this, we performance manage our key suppliers to ensure we identify trends and can react in a timely manner. We ensure we can dual source our key SKUs and reduce dependency on any one supplier.

Covid-19 pandemic - Like many businesses the Covid-19 pandemic has disrupted the trading activities of the business since March 2020. As at the date of issuance of these financial statements, the company is operating as normal, with all areas of the business open and fully functional. The company will continue to closely monitor, assess, and take mitigating actions in response to the evolving risks and uncertainties resulting from the pandemic.

Price risk - The company currently purchases an element of its stock ranges in USD and EUR, both of which have been subject to significant fluctuations in recent years. The company has managed this risk through close monitoring of exchange rates, using forward contracts and careful negotiation with suppliers to limit the exposure.

Credit risk - The company reduces its credit risk by actively monitoring credit accounts to ensure that debts do not become bad. This risk is also mitigated by the regular review of customer accounts to ensure that they do not exceed the agreed credit limits and terms.

Liquidity risk - The company mitigates liquidity risk by actively managing cash collection days and closely monitoring stock levels and turns on all SKUs.

IT systems and infrastructure - Our IT systems and infrastructure are fundamental to ensuring the continuity of trading across our stores and head office functions. If a major incident occurred affecting this infrastructure, it could have a detrimental impact on the businesses ability to operate effectively. To reduce this risk, and to reduce the impact of such an event if it were to happen, the company has invested significantly in developing robust recovery plans and systems, including a disaster recovery plan and use of leading cloud services.

KEY PERFORMANCE INDICATORS

The company is focused on regular reviews of key performance indicators (KPIs) and has robust reporting tools for all levels of staff. This allows every staff member to manage expectations and achieve targets.

Progress is monitored by the board by reference to the following KPIs, among others:

	2020	2019
Turnover	£46,547,854	£33,349,234
Operating profit	£6,263,948 (13.5%)	£2,938,159 (8.8%)

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

FUTURE DEVELOPMENTS

Despite the continuing uncertainty and challenging economic environment in the period since lockdown, the company is performing at record levels. The Directors remain confident in the company's strategy. Further opportunities for new store locations are being considered as the company continues its store roll-out plan, building on the success of the past few years, creating further new job opportunities and further cementing the 'Easy Bathrooms' brand in the UK market.

Despite the economic challenges of the past 12 months, the UK continues to push forward with the plan to build significant numbers of new houses and the company will continue to focus on trade business, including house builders, to ensure continued diversification of the revenue streams.

Turnover is expected to grow year-on-year as the stores opened in the reporting period gain traction and become more established.

The outbreak of Covid-19 and resulting measures taken by the UK government to contain the virus continue to affect the business, particularly during enforced periods of closure / alternative trading. During the enforced 'lockdown' period, we have adjusted our business model for the retail stores across the UK, to offer distance selling and 'click and collect' which has resulted in a decline in revenues from January 2021 through to April 2021 (22% less than expected sales for the period).

The retail stores returned to normal trading methods on 12 April 2021 and continue to show signs of resuming normal trading levels. The company has supported staff during this period and has avoided making any roles redundant during the Covid-19 pandemic.

ON BEHALF OF THE BOARD:

C A Waddington - Director

26 August 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 30 November 2020.

DIVIDENDS

An interim dividend of £18,000 per share was paid on 6 April 2020. The directors recommend a final dividend of £80 per share, making a total of £18,080 per share for the year ended 30 November 2020.

The total distribution of dividends for the year ended 30 November 2020 will be £1,808,000.

FUTURE DEVELOPMENTS

The future developments of the company are disclosed in the Strategic Report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2019 to the date of this report.

C A Waddington
Ms L K Green

Other changes in directors holding office are as follows:

S Browett - appointed 26 November 2020
S Tattersley - appointed 26 November 2020
A Marsh - appointed 26 November 2020

GOING CONCERN

The Board has full expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Shortly prior to the period end, the company took additional lending via the Coronavirus Business Interruption Loan Scheme (CBILS) as a precaution with the Covid-19 pandemic continuing to result in temporary store closures during lockdown periods. We expect to repay this loan in full during the 2020/21 financial year.

The company's forecasts demonstrate that, barring any significant disruption, the company will be able to operate within its facilities including complying with covenants contained therein and will therefore have sufficient liquidity to meet its liabilities as they fall due in the period to 30 November 2021.

The company has stress-tested its forecasts to determine what scenario would result in headroom being insufficient or covenants being breached, and the Board is satisfied the likelihood of such a scenario occurring, which involves a significant reduction in the company's revenue, is remote not least because trading performance at a company level subsequent to the year-end has outperformed its forecasts.

Accordingly, the financial statements for the period ended 30 November 2020 have been prepared on the going concern basis.

CARBON ENERGY REPORTING

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 December 2019 to 30 November 2020, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's Streamlined Energy and Carbon Reporting (SECR) policy.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2019 conversion factors.

In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

	Year to 30/11/2020	Year to 30/11/2019
Total Energy Consumption - Used for Emissions	3,183,655	2,410,170
Total Energy Consumption - Used for Emissions - average per operational site	61,224	70,887
Gas Combustion Emissions, Scope 1 (tCO ₂ e)	2	2
Purchased Electricity Emissions, Scope 2 (tCO ₂ e)	551	418
Vehicle Fuel Combustion Emissions, Scope 1 (tCO ₂ e)	190	144
Total Gross Reported Emissions (tCO ₂ e)	743	564
Turnover (£m)	46.5	33.3
Intensity Ratio: Turnover (tCO ₂ e I £m)	15.98	16.94

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Cresswells Accountants (UK) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C A Waddington - Director

26 August 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUBICO (UK) LIMITED

Opinion

We have audited the financial statements of Cubico (UK) Limited (the 'company') for the year ended 30 November 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUBICO (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Dakin BSc FCA (Senior Statutory Auditor)
for and on behalf of Cresswells Accountants (UK) Limited
Chartered Accountants
and Statutory Auditors
12 Market Street
Hebden Bridge
West Yorkshire
HX7 6AD

26 August 2021

CUBICO (UK) LIMITED (REGISTERED NUMBER: 08073879)**INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
TURNOVER		46,547,854	33,349,234
Cost of sales		<u>19,970,164</u>	<u>15,117,249</u>
GROSS PROFIT		26,577,690	18,231,985
Administrative expenses		<u>20,963,742</u>	<u>15,293,826</u>
		5,613,948	2,938,159
Other operating income		<u>650,000</u>	<u>-</u>
OPERATING PROFIT	4	6,263,948	2,938,159
Interest payable and similar expenses	5	<u>567,954</u>	<u>368,410</u>
PROFIT BEFORE TAXATION		5,695,994	2,569,749
Tax on profit	6	<u>1,098,959</u>	<u>526,341</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,597,035</u>	<u>2,043,408</u>

The notes form part of these financial statements

CUBICO (UK) LIMITED (REGISTERED NUMBER: 08073879)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		4,597,035	2,043,408
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,597,035</u>	<u>2,043,408</u>

The notes form part of these financial statements

CUBICO (UK) LIMITED (REGISTERED NUMBER: 08073879)**BALANCE SHEET
30 NOVEMBER 2020**

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		8,197,875		4,829,229
CURRENT ASSETS					
Stocks	9	7,590,806		6,781,753	
Debtors	10	6,143,555		4,138,366	
Cash at bank and in hand		<u>9,184,692</u>		<u>3,024,797</u>	
		22,919,053		13,944,916	
CREDITORS					
Amounts falling due within one year	11	<u>15,453,061</u>		<u>9,049,890</u>	
NET CURRENT ASSETS			<u>7,465,992</u>		<u>4,895,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,663,867		9,724,255
CREDITORS					
Amounts falling due after more than one year	12		(7,276,778)		(4,268,219)
PROVISIONS FOR LIABILITIES	16		<u>(439,152)</u>		<u>(297,134)</u>
NET ASSETS			<u><u>7,947,937</u></u>		<u><u>5,158,902</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		100		100
Retained earnings	18		<u>7,947,837</u>		<u>5,158,802</u>
SHAREHOLDERS' FUNDS			<u><u>7,947,937</u></u>		<u><u>5,158,902</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2021 and were signed on its behalf by:

C A Waddington - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2018	100	3,522,394	3,522,494
Changes in equity			
Dividends	-	(407,000)	(407,000)
Total comprehensive income	-	2,043,408	2,043,408
Balance at 30 November 2019	<u>100</u>	<u>5,158,802</u>	<u>5,158,902</u>
Changes in equity			
Dividends	-	(1,808,000)	(1,808,000)
Total comprehensive income	-	4,597,035	4,597,035
Balance at 30 November 2020	<u>100</u>	<u>7,947,837</u>	<u>7,947,937</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	10,511,839	3,640,859
Interest paid		(567,954)	(368,399)
Interest element of hire purchase or finance lease rental payments paid		-	(11)
Tax paid		(362,748)	(320,101)
Net cash from operating activities		<u>9,581,137</u>	<u>2,952,348</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,983,665)	(3,111,193)
Sale of tangible fixed assets		(1)	107,443
Net cash from investing activities		<u>(4,983,666)</u>	<u>(3,003,750)</u>
Cash flows from financing activities			
New loans in year		4,075,000	5,000,000
Loan repayments in year		(704,576)	(2,583,442)
Capital repayments in year		-	(1,082)
Amount withdrawn by directors		-	(352,994)
Equity dividends paid		(1,808,000)	(407,000)
Net cash from financing activities		<u>1,562,424</u>	<u>1,655,482</u>
Increase in cash and cash equivalents		<u>6,159,895</u>	<u>1,604,080</u>
Cash and cash equivalents at beginning of year	2	3,024,797	1,420,717
Cash and cash equivalents at end of year	2	<u>9,184,692</u>	<u>3,024,797</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before taxation	5,695,994	2,569,749
Depreciation charges	1,579,902	900,629
Loss/(profit) on disposal of fixed assets	35,117	(34,133)
Finance costs	567,954	368,410
	<u>7,878,967</u>	<u>3,804,655</u>
Increase in stocks	(809,053)	(2,834,093)
Increase in trade and other debtors	(2,005,189)	(736,218)
Increase in trade and other creditors	5,447,114	3,406,515
Cash generated from operations	<u>10,511,839</u>	<u>3,640,859</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 30 November 2020

	30.11.20 £	1.12.19 £
Cash and cash equivalents	<u>9,184,692</u>	<u>3,024,797</u>

Year ended 30 November 2019

	30.11.19 £	1.12.18 £
Cash and cash equivalents	<u>3,024,797</u>	<u>1,420,717</u>

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.12.19 £	Cash flow £	At 30.11.20 £
Net cash			
Cash at bank and in hand	<u>3,024,797</u>	<u>6,159,895</u>	<u>9,184,692</u>
	<u>3,024,797</u>	<u>6,159,895</u>	<u>9,184,692</u>
Debt			
Debts falling due within 1 year	(546,339)	(361,864)	(908,203)
Debts falling due after 1 year	<u>(4,218,219)</u>	<u>(3,008,559)</u>	<u>(7,226,778)</u>
	<u>(4,764,558)</u>	<u>(3,370,423)</u>	<u>(8,134,981)</u>
Total	<u>(1,739,761)</u>	<u>2,789,472</u>	<u>1,049,711</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

Turnover

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

Tangible fixed assets

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

Improvements to property	- over 10 years
Plant and machinery	- 15% on reducing balance and over 3 years
Display stock	- over 3 years
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	7,892,680	5,657,164
Social security costs	712,912	501,836
Other pension costs	141,121	85,287
	<u>8,746,713</u>	<u>6,244,287</u>

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

	2020	2019
Directors	2	2
Staff	<u>335</u>	<u>208</u>
	<u>337</u>	<u>210</u>

	2020 £	2019 £
Directors' remuneration	265,296	221,667
Directors' pension contributions to money purchase schemes	<u>27,314</u>	<u>17,146</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	145,296	130,000
Pension contributions to money purchase schemes	<u>1,314</u>	<u>16,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

4. OPERATING PROFIT

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

	2020 £	2019 £
Other operating leases	3,231,728	2,256,671
Depreciation - owned assets	1,579,903	899,080
Depreciation - assets on hire purchase contracts or finance leases	-	1,549
Loss/(profit) on disposal of fixed assets	35,117	(34,133)
Auditors' remuneration	<u>20,000</u>	<u>11,250</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Loan interest	567,954	368,399
Hire purchase	-	11
	<u>567,954</u>	<u>368,410</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	956,941	362,921
Over/under provision in prior year	-	(3,015)
Total current tax	<u>956,941</u>	<u>359,906</u>
Deferred tax	142,018	166,435
Tax on profit	<u>1,098,959</u>	<u>526,341</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

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

	2020 £	2019 £
Profit before tax	<u>5,695,994</u>	<u>2,569,749</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,082,239	488,252
Effects of:		
Expenses not deductible for tax purposes	11,538	24,333
Depreciation in excess of capital allowances	-	17,961
Utilisation of tax losses	-	(1,190)
client's provision		
Over/(under) provision in prior year	<u>5,182</u>	<u>(3,015)</u>
Total tax charge	<u>1,098,959</u>	<u>526,341</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

7. DIVIDENDS

	2020 £	2019 £
Ordinary shares of 1p each		
Final	8,000	-
Interim	<u>1,800,000</u>	<u>407,000</u>
	<u>1,808,000</u>	<u>407,000</u>

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Display stock £	Motor vehicles £	Totals £
COST					
At 1 December 2019	3,266,263	1,208,348	2,002,400	10,995	6,488,006
Additions	2,875,768	402,546	1,705,351	-	4,983,665
Disposals	(8,432)	(6,580)	(112,150)	-	(127,162)
At 30 November 2020	<u>6,133,599</u>	<u>1,604,314</u>	<u>3,595,601</u>	<u>10,995</u>	<u>11,344,509</u>
DEPRECIATION					
At 1 December 2019	508,347	376,833	766,371	7,226	1,658,777
Charge for year	463,033	250,689	865,238	943	1,579,903
Eliminated on disposal	(1,823)	(4,905)	(85,318)	-	(92,046)
At 30 November 2020	<u>969,557</u>	<u>622,617</u>	<u>1,546,291</u>	<u>8,169</u>	<u>3,146,634</u>
NET BOOK VALUE					
At 30 November 2020	<u>5,164,042</u>	<u>981,697</u>	<u>2,049,310</u>	<u>2,826</u>	<u>8,197,875</u>
At 30 November 2019	<u>2,757,916</u>	<u>831,515</u>	<u>1,236,029</u>	<u>3,769</u>	<u>4,829,229</u>

9. STOCKS

	2020 £	2019 £
Stocks	<u>7,590,806</u>	<u>6,781,753</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	984,788	820,778
Amounts owed by group undertakings	1,480,406	1,483,893
Other debtors	2,687,638	933,332
Prepayments and accrued income	<u>990,723</u>	<u>900,363</u>
	<u>6,143,555</u>	<u>4,138,366</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 13)	908,203	546,339
Trade creditors	7,851,109	5,465,758
Tax	957,114	362,921
Social security and other taxes	204,764	130,713
VAT	1,864,849	352,720
Other creditors	552,288	375,649
Accrued expenses	3,114,734	1,815,790
	<u>15,453,061</u>	<u>9,049,890</u>

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

	2020 £	2019 £
Bank loans (see note 13)	7,226,778	4,218,219
Directors' loan accounts	50,000	50,000
	<u>7,276,778</u>	<u>4,268,219</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank loans	<u>908,203</u>	<u>546,339</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,552,790</u>	<u>594,803</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>5,673,988</u>	<u>3,623,416</u>

14. LEASING AGREEMENTS

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

	2020 £	2019 £
Within one year	58,515	-
Between one and five years	778,280	912,550
In more than five years	3,275,740	2,001,476
	<u>4,112,535</u>	<u>2,914,026</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

15. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank loans	<u>8,134,981</u>	<u>4,764,558</u>

On 30 September 2020, a fixed and floating charge over the assets of the company was put in place in favour of TC Loans (CBILS) Limited for the loan taken out in the year.

16. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	<u>439,152</u>	<u>297,134</u>

		Deferred tax £
Balance at 1 December 2019		297,134
Charge to Income Statement during year		<u>142,018</u>
Balance at 30 November 2020		<u>439,152</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2020 £	2019 £
10,000	Ordinary	1p	<u>100</u>	<u>100</u>

18. RESERVES

	Retained earnings £
At 1 December 2019	5,158,802
Profit for the year	4,597,035
Dividends	<u>(1,808,000)</u>
At 30 November 2020	<u>7,947,837</u>

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, a director provided funds to the company. At 30 November 2020, the company owed him £50,000 (2019 £50,000)

During the year the company sold goods to directors or their close family at a rate lower than market value to an amount of £6,422 (2019 £Nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020**

20. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the director C A Waddington who owns 62.4% (2019 80%) of the issued share capital of the parent company Cubico Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.