

RICHDOMAR LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Company Registration No. 08839158 (England and Wales)

RICHDOMAR LIMITED

COMPANY INFORMATION

Directors	P B Lees A R Lees O Lees L Williams A R Lees
Company number	08839158
Registered office	Rawfolds One Rawfolds Way Rawfolds Cleckheaton BD19 5LJ
Auditor	Naylor Wintersgill Limited Carlton House Grammar School Street Bradford BD1 4NS
Bankers	NatWest Bank Plc Bradford Broadway Branch 1 Market Street Bradford BD1 1EG

RICHDOMAR LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 22

RICHDOMAR LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 JUNE 2022

The directors present the strategic report for the period ended 30 June 2022.

Fair review of the business

The company continued its principal activity of the online retail of beauty supplies and equipment.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and the position at the period-end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The directors are pleased with the performance of the company despite the difficult trading conditions impacted due to the Coronavirus pandemic. Strong management and quick decision-making resulted in the company being well placed to take advantage of opportunities going forward.

Principal risks and uncertainties

The principal risks facing the business are those from competitors operating in the same market place who principally compete on price. In addition, the general economic downturn has meant that customers may seek alternative suppliers to reduce costs. The directors mitigate these risks by maintaining excellent customer relationships and ensuring the range of products available to customers is appropriate and priced competitively.

Brexit

The impact of Brexit has been evaluated as being not likely to be significantly detrimental to the business. This is because our market is purely domestic and the sector that we supply is unlikely to see a serious downturn in business because it relates mainly to relatively small amounts of expenditure. In terms of supply, most of our products are UK sourced and we do not operate a 'just in time' system of procurement. We carry sufficient stock to compensate for any short-term interruption to supply.

Coronavirus pandemic

The impact of the Coronavirus pandemic hit the UK and Worldwide economy significantly. However the business, with small adjustments to working routines, has been able to continue to trade due to the supply of goods and services being on a distance selling basis. As the company has been able to continue to trade we have continued to see a significant increase in turnover during the period. The directors believe all reasonable steps have been undertaken to safeguard the future of the business.

Financial position at the reporting date

The balance sheet shows that the company's net assets have increased from £1.36m to £1.68m. The Company's net profit after tax decreased slightly from £925k to £922k.

RICHDOMAR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

Key performance indicators

Management use a range of performance measures to monitor and manage the business. Some of the key performance measures are set out below.

	18 months ended 30 June 2022	12 months ended 31 December 2020
• Turnover	£42,048,655	£18,966,748
• Gross Profit	£10,983,380	£5,204,233
• Gross Profit Margin	26.12%	27.44%
• Operating Profit	£1,154,166	£1,167,308

The company continues to invest in new projects and stock lines for the benefit of the short, medium and long term future of the business. The benefits of these investments are expected to be realised in 2022/23 and beyond. These investments include continuous improvement and development in all areas of the business, such as products and customer service.

Financial risk management

Financial risks are managed through strict internal management controls and accurate and timely management information. Stock levels and margins are also closely monitored by management to identify potential issues and ensure the products are marketed appropriately.

On behalf of the board

P B Lees
Director

17 March 2023

RICHDOMAR LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the period ended 30 June 2022.

Principal activities

The principal activity of the company continued to be that of online retailer of hair and beauty products.

Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £600,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P B Lees
A R Lees
O Lees
L Williams
A R Lees

Statement of disclosure to auditor

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

On behalf of the board

P B Lees
Director

17 March 2023

RICHDOMAR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2022

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

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

RICHDOMAR LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RICHDOMAR LIMITED

Opinion

We have audited the financial statements of Richdomar Limited (the 'company') for the period ended 30 June 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 June 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

RICHDOMAR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RICHDOMAR 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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

RICHDOMAR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RICHDOMAR LIMITED

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK law and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of 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 posting inappropriate journal entries to increase revenue or reduce expenditure or increase the capital position of the Company, and management bias in accounting estimates and judgmental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with directors including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes;
- Reviewing of correspondence in so far as they related to non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted on unusual days, posted by infrequent users, posted by senior management or posted with descriptions indicating a higher level of risk;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing over immaterial liabilities and assets balances.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Victoria Wainwright
Senior Statutory Auditor
For and on behalf of Naylor Wintersgill Limited

17 March 2023

Chartered Accountants
Statutory Auditor

Carlton House
Grammar School Street
Bradford
BD1 4NS

RICHDOMAR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2022

		Period ended 30 June 2022 £	Year ended 31 December 2020 £
	Notes		
Turnover	3	42,048,655	18,966,748
Cost of sales		(31,065,275)	(13,762,515)
Gross profit		10,983,380	5,204,233
Distribution costs		(4,251,636)	(2,001,648)
Administrative expenses		(5,577,578)	(2,035,277)
Profit before taxation		1,154,166	1,167,308
Tax on profit	6	(232,136)	(242,029)
Profit for the financial period		922,030	925,279

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

RICHDOMAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2022

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Profit for the period	922,030	925,279
Other comprehensive income	-	-
Total comprehensive income for the period	<u>922,030</u>	<u>925,279</u>

RICHDOMAR LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

		2022		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		83,511		5,087
Current assets					
Stocks	9	4,117,378		1,999,165	
Debtors	10	3,015,677		1,061,266	
Cash at bank and in hand		1,194,155		2,562,874	
		<u>8,327,210</u>		<u>5,623,305</u>	
Creditors: amounts falling due within one year	11	<u>(6,716,468)</u>		<u>(4,271,066)</u>	
Net current assets			<u>1,610,742</u>		<u>1,352,239</u>
Total assets less current liabilities			<u>1,694,253</u>		<u>1,357,326</u>
Provisions for liabilities					
Deferred tax liability	12	<u>15,867</u>	<u>(15,867)</u>	<u>970</u>	<u>(970)</u>
Net assets			<u><u>1,678,386</u></u>		<u><u>1,356,356</u></u>
Capital and reserves					
Called up share capital	13		100		1
Profit and loss reserves			<u>1,678,286</u>		<u>1,356,355</u>
Total equity			<u><u>1,678,386</u></u>		<u><u>1,356,356</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 March 2023 and are signed on its behalf by:

P B Lees
Director

Company Registration No. 08839158

RICHDOMAR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		1	431,076	431,077
Period ended 31 December 2020:				
Profit and total comprehensive income for the period		-	925,279	925,279
Balance at 31 December 2020		1	1,356,355	1,356,356
Period ended 30 June 2022:				
Profit and total comprehensive income for the period		-	922,030	922,030
Bonus issue of shares	13	99	(99)	-
Dividends	7	-	(600,000)	(600,000)
Balance at 30 June 2022		100	1,678,286	1,678,386

RICHDOMAR LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2022

		2022		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	17				
		(441,875)		2,378,877	
Income taxes paid		(239,138)		(64,057)	
Net cash (outflow)/inflow from operating activities		(681,013)		2,314,820	
Investing activities					
Purchase of tangible fixed assets		(87,706)		(4,009)	
Net cash used in investing activities		(87,706)		(4,009)	
Financing activities					
Dividends paid		(600,000)		-	
Net cash used in financing activities		(600,000)		-	
Net (decrease)/increase in cash and cash equivalents		(1,368,719)		2,310,811	
Cash and cash equivalents at beginning of period		2,562,874		252,063	
Cash and cash equivalents at end of period		1,194,155		2,562,874	

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

Company information

Richdomar Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rawfolds One Rawfolds Way, Rawfolds, Cleckheaton, BD19 5LJ.

1.1 Reporting period

The directors have opted to extend the period from 31 December to 30 June. This decision was taken as November and December are considered to be the peak trading period for the company. Due to this the comparative figures included in these financial statements represent the year to 31 December 2020 and as such are not wholly comparative with the 18 months ended 30 June 2022.

1.2 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.3 Going concern

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

1.4 Turnover

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

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

1.5 Tangible fixed assets

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

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

Fixtures and fittings	3 years straight line
Computers	3 years straight line

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

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

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

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

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

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

1.7 Stocks

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

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

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.12 Employee benefits

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

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

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

1.13 Leases

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

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements 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 amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

	2022	2020
	£	£
Turnover analysed by class of business		
Sales of hair and beauty products	42,048,655	18,966,748

4 Operating profit

	2022	2020
	£	£
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	-	-
Depreciation of owned tangible fixed assets	9,282	4,353
Operating lease charges	219,325	-

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

5 Employees

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

2022	2020
Number	Number
4	4

Total employee costs as shown below are comprised of recharged employment costs from Dennis Williams Limited, a company under the common control of a director.

	2022	2020
	£	£
Wages and salaries	1,693,817	569,316

6 Taxation

	2022	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	199,955	221,854
Deferred tax		
Origination and reversal of timing differences	14,897	(62)
Foreign exchange differences	17,284	20,237
Total deferred tax	32,181	20,175
Total tax charge	232,136	242,029

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

6 Taxation

(Continued)

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

	2022	2020
	£	£
Profit before taxation	1,154,166	1,167,308
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	219,292	221,789
Permanent capital allowances in excess of depreciation	(19,337)	(762)
Depreciation on assets not qualifying for tax allowances	-	827
Foreign exchange differences	17,284	20,237
Deferred tax movement	14,897	(62)
Taxation charge for the period	232,136	242,029

7 Dividends

	2022	2020
	£	£
Interim paid	600,000	-

8 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 January 2021	15,321	16,884	32,205
Additions	75,183	12,523	87,706
At 30 June 2022	90,504	29,407	119,911
Depreciation and impairment			
At 1 January 2021	13,423	13,695	27,118
Depreciation charged in the period	2,484	6,798	9,282
At 30 June 2022	15,907	20,493	36,400
Carrying amount			
At 30 June 2022	74,597	8,914	83,511
At 31 December 2020	1,898	3,189	5,087

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

9 Stocks

	2022	2020
	£	£
Finished goods and goods for resale	4,117,378	1,999,165

10 Debtors

	2022	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,367,273	862,344
Other debtors	45,783	-
Prepayments and accrued income	602,621	198,922
	<u>3,015,677</u>	<u>1,061,266</u>

11 Creditors: amounts falling due within one year

	2022	2020
	£	£
Trade creditors	4,344,213	2,366,884
Corporation tax	199,955	221,854
Other taxation and social security	251,955	663,882
Other creditors	1,019,826	543,650
Accruals and deferred income	900,519	474,796
	<u>6,716,468</u>	<u>4,271,066</u>

12 Deferred taxation

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

	Liabilities	Liabilities
	2022	2020
	£	£
Balances:		
Accelerated capital allowances	15,867	970
	<u>15,867</u>	<u>970</u>
Movements in the period:		2022
		£
Liability at 1 January 2021		970
Charge to profit or loss		14,897
Liability at 30 June 2022		<u>15,867</u>

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

13 Share capital

	2022	2020	2022	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	52	1	52	1
'A' Ordinary shares of £1 each	24	-	24	-
'B' Ordinary shares of £1 each	24	-	24	-
	<u>100</u>	<u>1</u>	<u>100</u>	<u>1</u>

On 29 June 2021 the company issued 99 shares under a bonus issue. These shares rank pari passu with the shares already issued.

On 29 June 2021 48 Ordinary shares were re-designated to 24 'A' Ordinary shares and 24 'B' Ordinary shares. No changes have been affected to any rights attached to these shares.

14 Related party transactions

Transactions with related parties

During the period, the company sold goods to, and purchased goods and services from, Dennis Williams Limited, a company under the common control of a director. The total amount invoiced to Dennis Williams Limited amounted to £949,450 (12 months to 31 December 2020 - £Nil). The total amount of goods and services invoiced by Dennis Williams Limited to Richdomar Limited amounted to £16,948,046 (12 months to 31 December 2020 - £7,315,432). As at the balance sheet date the total amount included in trade debtors in respect of the above amounts was £1,247,816 (31 December 2020 - £298,366) and the total amount included in trade creditors amounted to £2,226,843 (31 December 2020 - £430,312).

During the period the company also entered into loans with Dennis Williams Limited. These loans are interest free and repayable on demand. At the balance sheet date the total amount outstanding from Richdomar Limited amounted to £1,019,726 (31 December 2020 - £543,550).

15 Directors' transactions

Dividends totalling £600,000 (2020 - £0) were paid in the period in respect of shares held by the company's directors.

Interest free loans have been granted by the directors to the company as follows:

Description	% Rate	Opening balance	Closing balance
		£	£
Directors loan	-	100	100
		<u>100</u>	<u>100</u>

16 Ultimate controlling party

The ultimate controlling party is considered to be P B Lees due to their majority shareholding in the company.

RICHDOMAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

17 Cash (absorbed by)/generated from operations

	2022	2020
	£	£
Profit for the period after tax	922,030	925,279
Adjustments for:		
Taxation charged	232,136	242,029
Depreciation and impairment of tangible fixed assets	9,282	4,353
Movements in working capital:		
Increase in stocks	(2,118,213)	(819,356)
Increase in debtors	(1,954,411)	(858,838)
Increase in creditors	2,467,301	2,885,410
Cash (absorbed by)/generated from operations	(441,875)	2,378,877

18 Analysis of changes in net funds

	1 January 2021	Cash flows	30 June 2022
	£	£	£
Cash at bank and in hand	2,562,874	(1,368,719)	1,194,155

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.