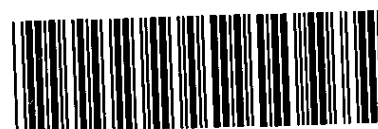


Company Registration No. 07313572 (England and Wales)

FITRITE FENCING & DECKING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2020

FRIDAY



AB11ØH3M

A14

01/04/2022

#347

COMPANIES HOUSE

FITRITE FENCING & DECKING LIMITED

COMPANY INFORMATION

Directors	P M Allott A P Driscoll J S Ross S Wright
Company number	07313572
Registered office	Unit F, St Mowden Park Spinners Road Wheatley Hall Road Doncaster DN2 4LT
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5 th Floor 29 Wellington Street Leeds LS1 4DL

FITRITE FENCING & DECKING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020

Principal activities and developments during the year

The principal activity of the group and company is the sale of uPVC fencing and decking products to both residential and commercial sectors of the UK market. During the year, Fitrite relocated from Barnsley to Doncaster following Sash UK entering into administration. The group formed a new subsidiary company in year, Fitrite South Ltd.

Fair review of the business and key financial performance indicators

The key financial performance indicators of the group are sales values and margin levels. The key financial position indicators of the group are stock levels, equity value and liquidity. Performance against these key financial indicators during the year under review is outlined below.

Sales values and margin levels

The group's turnover decreased by £1,628,046 (13.9%). During the year, the UK entered lockdown due to the global pandemic (Corona virus). As a result, the holiday and leisure industry was closed over summer, impacting the group's ability to install decks. The gross margin % was 34.1%, 4.7% lower than in 2019. The reduction is due to higher material costs.

Equity value

The group has seen its equity value fall due to a post tax loss for the year 2020. The group incurred a £2.3m debt write off with Sash UK entering administration.

Stock levels

Stock has increased to £1,022,706 (2019 - £966,885), an increase of 5.8%

Cashflow and liquidity

Cash and cash equivalents are £690,437 higher than at the previous year end, 2020 saw greater investment in fixed assets, the group relocated from Barnsley to Doncaster to move to premises more accommodating in terms of size. 2019 includes an outlay of £1.1m on acquisitions

Future developments

The group is looking to continue to build market share in the leisure sector, through additional installation capacity, whilst maintaining the growth of its merchant sales. With the increasing popularity of UK-based holidays, the directors expect market conditions to remain favourable for the foreseeable future.

Principal risks and uncertainties

The group operates in a competitive market with other manufacturers and installers trying to win customers. While price is a key consideration product quality and timeliness of supply are also important to our customers and these considerations lead to a decision based on the overall best value rather than price alone. The group has longstanding trading relationships with most of the national holiday park operators and enjoys preferred supplier status on many of their parks. These arrangements, coupled with the group's nationwide coverage and unrivalled customer service, provide a significant competitive advantage.

The group's material costs have risen in recent years and the group is working to broaden its supplier base and introduce more competitive tension.

FITRITE FENCING & DECKING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Financial risk management

Market demand risk:

Demand for the group's products is predominantly from the leisure sector. With the increasing popularity of 'staycations' the directors expect market conditions to remain favourable.

The group is exposed to price risk as fluctuations in raw material prices and exchange rates can impact on supplier

Credit risk:

Credit risk is the potential exposure of the group to loss in the event of non-performance by a counter party. The group controls this risk through credit approval checks for new customers and regular reviews of credit limits where applicable.

Cash flow and liquidity risk:

The group faces cash flow and liquidity risk in order to meet its obligations. The group mitigates its cash flow and liquidity risk by operating a standard credit control process which the directors monitor overdue customer accounts to ensure the group can meet its liabilities as they fall due. The group maintains a healthy bank balance to mitigate this risk and is cash generative from its operations.

Interest rate risk:

The group faces interest rate risk on its external debt. The group mitigates this risk by fixing the interest rates payable on its loans which provides certainty over future cash flows

On behalf of the board



P M Allott
Director

Date

18/03/2022

FITRITE FENCING & DECKING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and the audited financial statements for the year ended 30 September 2020. Prior year consolidated comparisons are unaudited as there was not a requirement for consolidated accounts for the year ended 2019.

Directors

The directors who held office during the year and, unless otherwise stated, up to the date of signature of the financial statements were as follows:

P M Allott

A P Driscoll

J S Ross

S Wright

(Appointed 1 September 2020)

Results and dividends

The results for the year are set out on page 7

No ordinary dividends were paid (2019 – Nil). The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed re-appointed as auditors in the absence of an Annual General Meeting.

Strategic Report

The group has chosen, in accordance with Companies Act 2006, s 414C(11), to set out within the group's strategic report certain information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. This includes a review of financial performance and developments during the year, consideration of the principal risks to which the group is exposed, post balance sheet events and expected future developments.

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, each director has taken all the necessary steps that they ought to have taken as a director 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



Paul Allott

Director

Date: 18/03/2022

FITRITE FENCING & DECKING LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FITRITE FENCING & DECKING LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Opinion

We have audited the financial statements of Fitrite Fencing & Decking Limited (the parent company) and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the consolidated income statement, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 30 September 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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.

Other matter – prior year financial statements not audited

The group was exempt from the requirement to prepare audited consolidated financial statements for the year ended 30 September 2020 and consequently the corresponding figures are unaudited.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

FITRITE FENCING & DECKING LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 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 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 directors' responsibilities statement set out on page 4, 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.

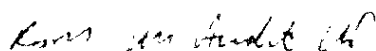
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
Fifth Floor
29 Wellington Street
Leeds
LS1 4DL

Date: 11 March 2022

FITRITE FENCING & DECKING LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	Unaudited £
Turnover	2	10,082,572	11,710,618
Cost of sales		(6,829,713)	(7,167,134)
Gross profit		3,252,859	4,543,484
Other income		185,324	-
Distribution costs		(784,353)	(852,918)
Administrative expenses (including exceptional items)		(4,856,259)	(2,560,641)
Operating profit before amortisation of intangibles and exceptional items		655,046	1,550,349
Amortisation of intangibles		(314,755)	(314,755)
Exceptional items	3	(2,542,720)	(105,669)
Operating (loss)/profit		(2,202,429)	1,129,925
Interest payable and similar expenses	7	(108,187)	(85,000)
(Loss)/Profit before taxation		(2,310,616)	1,044,925
Taxation	8	(54,835)	(297,188)
(Loss)/Profit for the financial year		(2,365,451)	747,737

All operations within the group are all continuing.

FITRITE FENCING & DECKING LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020**

		2020		2019	
	Notes	£	£	Unaudited	£
Fixed assets					
Intangible assets	10	2,518,038		2,832,793	
Tangible assets	11	776,892		688,413	
			3,294,930		3,521,206
Current assets					
Stocks		1,022,706		968,885	
Debtors	13	4,135,291		7,066,764	
Cash at bank and in hand		286,923		311,988	
		5,444,920		8,345,635	
Creditors: amounts falling due within one year	14	(4,078,949)		(5,492,081)	
Net current assets			1,365,971		2,853,554
Total assets less current liabilities			4,660,901		6,374,760
Creditors: amounts falling due after more than one year	16		(1,600,328)		(956,626)
Provisions for liabilities					
Deferred tax liability	16		(63,855)		(55,965)
Net assets			2,996,718		5,362,169
Capital and reserves					
Called up share capital	18		304,056		304,056
Profit and loss reserves			2,692,662		5,058,113
Total equity			2,996,718		5,362,169

The financial statements were approved by the board of directors and authorised for issue on 18/03/22 and are signed on its behalf by:



P M Allott
Director

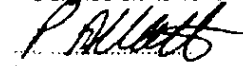
FITRITE FENCING & DECKING LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020**

		2020	2019
	Notes	£	Unaudited £
Fixed assets			
Tangible assets	11	740,473	621,896
Investments	12	3,384,827	3,363,627
		<u>4,105,100</u>	<u>3,985,323</u>
Current assets			
Stocks		554,593	527,572
Debtors	13	3,839,458	6,077,023
Cash at bank and in hand		262,972	78,223
		<u>4,687,023</u>	<u>6,882,818</u>
Creditors: amounts falling due within one year	14	<u>(3,767,670)</u>	<u>(4,281,013)</u>
Net current assets		<u>899,353</u>	<u>2,401,805</u>
Total assets less current liabilities		<u>5,004,453</u>	<u>6,387,128</u>
Creditors: amounts falling due after more than one year	15	<u>(1,600,328)</u>	<u>(941,016)</u>
Provisions for liabilities			
Deferred tax liability	16	(63,855)	(55,965)
Net assets		<u>3,340,270</u>	<u>5,390,147</u>
Capital and reserves			
Called up share capital	18	304,056	304,056
Profit and loss reserves		3,036,214	5,086,091
Total equity		<u>3,340,270</u>	<u>5,390,147</u>

Company profit and loss

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was (£2,049,877) (2019: £775,715).

The financial statements were approved by the board of directors and authorised for issue on 18/03/22 and are signed on its behalf by:



P M Allott
Director

FITRITE FENCING & DECKING LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****AS AT 30 SEPTEMBER 2020**

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2018 - unaudited	<u>218,920</u>	<u>4,310,376</u>	<u>4,529,296</u>
Year ended 30 September 2019 – unaudited			
Shares issued during the year	85,136	-	85,136
Profit and total comprehensive income for the year	<u>-</u>	<u>747,737</u>	<u>747,737</u>
Balance at 30 September 2019 - unaudited	<u>304,056</u>	<u>5,058,113</u>	<u>5,362,169</u>
Year ended 30 September 2020			
Profit and total comprehensive income for the year	<u>-</u>	<u>(2,365,451)</u>	<u>(2,365,451)</u>
Balance at 30 September 2020	<u>304,056</u>	<u>2,692,662</u>	<u>2,996,718</u>

FITRITE FENCING & DECKING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2018 – unaudited	<u>210,920</u>	<u>4,310,376</u>	<u>4,529,296</u>
Year ended 30 September 2019 – unaudited			
Shares issued during the year	85,136	-	85,136
Profit and total comprehensive income for the year	-	775,715	775,715
Balance at 30 September 2019 - unaudited	<u>304,056</u>	<u>5,086,091</u>	<u>5,390,147</u>
Year ended 30 September 2020			
Profit and total comprehensive income for the year	-	(2,049,877)	(2,049,877)
Balance at 30 September 2020	<u>304,056</u>	<u>3,036,214</u>	<u>3,340,270</u>

FITRITE FENCING & DECKING LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	Unaudited £
Cash flows from operating activities			
Cash generated from operations	19	1,040,177	1,025,588
Interest paid		(80,187)	(85,000)
Income taxes paid		-	(57,626)
Net cash inflow from operating activities		959,990	882,962
Investing activities			
Purchase of tangible fixed assets		(171,155)	(56,235)
Net cash (used in) / generated by investing activities		(171,155)	(56,235)
Acquisitions and disposals			
Purchase of subsidiary undertakings		-	(1,778,491)
Net cash acquired with subsidiary undertakings		-	676,773
		-	(1,101,718)
Financing activities			
Payment of finance leases obligations		(98,398)	(79,830)
Net cash used in financing activities		(98,398)	(79,830)
Net increase/(decrease) in cash and cash equivalents		690,437	(354,821)
Cash and cash equivalents at beginning of year		(403,514)	(48,693)
Cash and cash equivalents at end of year		286,923	(403,514)
Relating to:			
Cash at bank and in hand		286,923	311,986
Bank overdrafts included in creditors payable within one year		-	(715,500)

FITRITE FENCING & DECKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Fitrite Fencing & Decking Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT.

The group consists of Fitrite Fencing and Decking Limited and its subsidiaries. The company's and the group's principal activities and the nature of its operations are disclosed in the Strategic Report.

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. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Vesso Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

FITRITE FENCING & DECKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Subsidiaries exempt from audit

The following subsidiaries have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual financial statements to be audited. The company has guaranteed all outstanding liabilities of these subsidiary companies at 30 September 2020 until those liabilities are satisfied in full:

- Fitrite South West Limited (registered number: 11033820);
- Fitrite South Limited (registered number 12502113)
- Fitrite East Anglia Limited (registered number: 11866503).
- Caledonian Decking & Fencing Limited (registered number 09042957).
- PVS Fitrite South West Limited (registered number: 07986488)

Going concern

At 30 September 2020 the company and its fellow subsidiaries had provided unlimited guarantees to the primary funder in respect of the indebtedness of its parent company, Vesso Limited. This amounted to £14,381,154. At the same date the group had net current liabilities of £15,325,682. As described more fully in the Strategic Report, the COVID-19 pandemic has a significant impact upon the Group and the business has suffered as a result of restrictions imposed by the UK Government on operators of holiday parks, although activity levels have subsequently returned to pre-pandemic levels.

The Directors have prepared 3 year profit forecasts and detailed plans for growth, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The forecasts exclude impacts of either of the following matter:

- Note 20 discloses borrowings of the group provided by the ultimate controlling party. Notwithstanding that these loans were due for repayment on 23 June 2021, the ultimate controlling party has confirmed to the Directors that it will not demand repayment of these amounts for at least 12 months from the date of approval of these financial statements.

During the year, the group made use of the Coronavirus Job Retentions Scheme (CJRS) to fund employee wages for those who were unable to work during lockdown.

Based upon the continued support of the ultimate controlling party and the anticipated cash generation during the forecast period, the directors have a reasonable expectation that the group and company have 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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods 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

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair values of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years

The directors believe this to be an appropriate period as it represents the value of the management team and employees, and the potential to secure new customers, for which a ten year attrition is reasonable.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rate on the basis of the carrying amount of each asset in the unit

Tangible fixed assets

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

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

Plant and equipment	15% to 33.3% on cost
Leasehold improvements	10% on cost
Fixtures and fittings	33.3% on cost
Computers	33.3% on cost
Motor vehicles	25% reducing balance

Tangible fixed assets (continued)

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals or impairment losses are recognised immediately in profit or loss.

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. Cost of Sales are calculated on an average purchase cost for stock used within the year.

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.

FITRITE FENCING & DECKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets 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 trade and other creditors, bank overdrafts and amounts due to group undertakings, 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.

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

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Exceptional costs

Exceptional costs are material items which derive from events or transactions that do not fall within the ordinary activities of the company and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Government grants

Grant Income

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

Included within other operating income shown in the income statement are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS)

Judgements and key sources of estimation uncertainty

In the application of the group'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.

Critical judgements

There are no judgements (apart from those involving estimates) that are deemed to have had a significant effect on amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of intangible and tangible assets

The annual depreciation charge for tangible assets and the amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on the technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the intangible assets, note 11 for the carrying amount of the tangible assets and note 1 for useful economic lives for each class of assets.

Impairment of amounts due from group undertakings

As a consequence of the administration of a fellow subsidiary of the ultimate parent company in the year to 30 September 2020, the Directors have revised their estimate of amounts recoverable from the administration process. As a result of this review, the balance has been impaired in full. See note 13 for details of the previous and current carrying values.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 Turnover note

Turnover analysed by class of business	2020	2019 unaudited
	£	£
Products	2,329,767	3,268,432
Services	7,752,805	8,442,186
Total	10,082,572	11,710,618

All turnover arises in the UK.

Other income	2020	2019 unaudited
	£	£
Grant income – CJRS	184,624	0

3 Exceptional items

	2020	2019 unaudited
	£	£
Exceptional costs	2,542,720	105,669

Exceptional items in the current and prior year comprise restructuring and legal costs and are included in administrative expenses. A write off of bad debt due to a former group company entering administration totalling £2,331,930 is included within exceptional items. No recovery is expected from the administrators of the company.

4 Operating Profit

Included in the (loss)/profit are the following:

	2020	2019 Unaudited
	£	£
Depreciation of tangible fixed assets	222,687	265,489
Loss/(profit) on disposal of tangible fixed assets	3,079	-
Amortisation of intangible fixed assets	314,755	314,755
Operating lease expenses	256,302	175,059
Audit of these financial Statements	24,000	27,618

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Employees

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

	Group 2020 Number	2019 unaudited Number	Company 2020 Number	2019 Number
Manufacturing and installation	87	70	8	5
Office and management	21	15	15	12
Selling and distribution	13	17	3	2
	121	102	26	19

Their aggregate remuneration comprised:

	Group 2020 £	2019 unaudited £	Company 2020 £	2019 £
Wages and salaries	2,643,114	2,684,232	748,186	765,501
Social security costs	219,190	239,479	75,005	57,650
Pension costs	63,080	52,066	21,720	20,524
	2,925,384	2,975,777	844,911	843,675

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Directors' remuneration

	2020	2019
	£	unaudited £
Remuneration paid to directors	<u>392,790</u>	<u>353,830</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3). The total remuneration for the highest paid director totalled £204,830 (2019: £180,837).

During the year, two of the directors were remunerated for their services by Vesso Limited, the company's parent undertaking.

7 Interest payable and similar expenses

	2020	2019
	£	unaudited £
Interest on financial liabilities measured at amortised cost		
Interest on invoice finance arrangements	41,406	50,905
Other interest on financial liabilities	49,587	11,303
	<u>90,993</u>	<u>62,208</u>
Other finance costs		
Interest on finance leases and hire purchase contracts	17,194	22,792
	<u>108,187</u>	<u>85,000</u>

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Taxation

	2020	2019
	£	unaudited £
Current tax		
UK corporation tax on profits for the current year	95,631	253,199
Adjustment in respect of prior years	(48,686)	
Total current tax	46,945	253,199
Deferred tax		
Origination and reversal of timing differences	3,865	40,671
Adjustments in respect of prior years	4,025	3,318
Total deferred tax	7,890	43,989
Total tax charge	54,835	297,188

The tax charge for the year can be reconciled to the profit before taxation multiplied by the standard rate of tax as follows.

	2020	2019
	£	unaudited £
Profit before taxation	(2,310,616)	1,044,925
Expected tax charge based on the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	(439,017)	198,536
Expenses not deductible for tax purposes	532,526	91,389
Deferred tax not recognised	12,302	5,714
Adjustments in respect of prior years	(50,976)	3,318
Difference in tax rates	-	(1,769)
Taxation charge for the year	54,835	297,188

9 Dividends

No dividends (2019 - £nil per Ordinary share) were declared during the year.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 October 2019 and 30 September 2020	3,147,548
Amortisation	
At 1 October 2019	314,755
Charge for year	314,755
At 30 September 2020	629,510
Carrying amount	
At 30 September 2020	2,518,038
At 30 September 2019 - unaudited	2,832,793

11 Tangible fixed assets

Group	Plant and equipment £	Leasehold improvements £	Fixtures and £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2019	737,131	-	2,000	263,587	206,903	1,209,621
Additions	48,398	136,665	-	102,843	66,877	354,783
Disposals	-	-	-	(224,309)	(29,500)	(253,809)
At 30 September 2020	785,529	136,665	2,000	142,121	244,280	1,310,595
Depreciation						
At 1 October 2019	289,875	-	722	171,371	59,240	521,208
Charge for year	94,727	1,433	659	63,367	62,501	222,687
Disposals	-	-	-	(186,059)	(24,133)	(210,192)
At 30 September 2020	384,602	1,433	1,381	48,679	97,608	533,703
Carrying amount						
At 30 September 2020	400,927	135,232	619	93,442	146,672	776,892
At 30 September 2019	447,256	-	1,278	92,216	147,663	688,413

The net book value of fixed assets held on finance lease agreements is £191,892 (2019: £236,934). The depreciation charge during the year on these assets was £36,932 (2019: £33,255).

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11 Tangible fixed assets (continued)

Company	Plant and equipment £	Leasehold buildings £	Fixtures and £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2019	698,347	-	791	262,543	174,212	1,135,893
Additions	48,398	130,429	-	102,843	66,877	348,547
Disposals	-	-	-	(224,309)	-	(224,309)
At 30 September 2020	746,745	130,429	791	141,077	241,089	1,260,131
Depreciation						
At 1 October 2019	280,796	-	364	170,775	62,262	514,197
Charge for year	83,102	1,087	264	62,918	44,149	191,520
Disposals	-	-	-	(186,059)	-	(186,059)
At 30 September 2020	363,898	1,087	628	47,634	106,411	519,658
Carrying amount						
At 30 September 2020	382,847	129,342	163	93,443	134,678	740,473
At 30 September 2019	417,551	-	427	91,768	111,950	621,696

The net book value of fixed assets held on finance lease agreements is £188,146 (2019: £216,284). The depreciation charge during the year on these assets was £33,186 (2019: £31,304).

FITRITE FENCING & DECKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Investments

Company	Shares in subsidiary undertakings
	£
Cost and carrying amount	
At 1 October 2019	3,363,627
Additions	1,000
At 30 September 2020	3,364,627

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of subsidiary undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Fitrite East Coast Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	uPVC fencing and decking installer	Ordinary	100	-
Fitrite East Anglia Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	uPVC fencing and decking installer	Ordinary	100	-
Caledonian Decking & Fencing Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	uPVC fencing and decking installer	Ordinary	100	-
PVS Fitrite South West Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	Dormant	Ordinary	100	-
Fitrite South Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	uPVC fencing and decking installer	Ordinary	100	-
Fitrite South West Limited	Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT	uPVC fencing and decking installer	Ordinary	-	100

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Debtors

	Group		Company	
	2020	2019	2020	2019
		unaudited		
Amounts falling due within one year	£	£	£	£
Trade debtors	3,723,381	3,128,217	3,667,008	1,883,647
Amounts owed by group undertakings	-	3,612,390	41,787	4,177,865
Prepayments	411,910	326,157	130,663	15,511
	4,135,291	7,066,764	3,839,458	6,077,023

During the year an impairment loss of £2,331,930 (2019: £nil) was recognised in respect of amounts due from group undertakings.

14 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
		unaudited		
	£	£	£	£
Bank overdrafts	-	715,500	-	715,500
Trade creditors	1,507,819	1,655,025	1,346,231	1,564,614
Corporation tax payable	321,318	274,373	171,685	146,612
Finance lease obligations	100,460	72,913	98,358	64,020
Amounts due to group undertakings	225,376	1,108,151	1,626,584	779,324
Other taxation and social security	1,415,603	554,859	360,332	158,315
Accruals	508,373	1,111,260	164,480	852,628
	4,078,949	5,492,081	3,767,670	4,281,013

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
		unaudited		
	£	£	£	£
Finance lease obligations (note 17)	200,328	156,626	200,328	141,016
Other creditors and accruals (see below)	1,400,000	800,000	1,400,000	800,000
	1,600,328	956,626	1,600,328	941,016

Other creditors and accruals comprise deferred consideration arising on the purchase of certain subsidiaries during 2018 and is payable between one and five years.

16 Provisions for liabilities

Deferred taxation

Deferred tax assets and liabilities are offset where the group and company have a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Group		Company	
	Liabilities	Liabilities	Liabilities	Liabilities
		unaudited		unaudited
	2020	2019	2020	2019
	£	£	£	£
Capital gains	63,855	55,965	63,855	55,965
Tax losses	-	-	-	-
	63,855	55,965	63,855	55,965
Group				
Movements in the year:				£
Liability at 1 October 2019 - unaudited				55,965
Charge to profit and loss account				7,890
Liability at 30 September 2020				63,855

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

17 Finance lease obligations

	Group		Company	
	2020	2019	2020	2019
		unaudited		
	£	£	£	£
Less than one year	100,460	72,913	98,358	64,020
Between one and five years	200,328	156,626	200,328	141,016
	300,788	229,539	298,686	205,036

Obligations under finance lease obligations are secured against the assets to which they relate

18 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
- Ordinary shares of £1 each	304,056	304,056

19 Cash generated from group operations

	2020	2019
	£	unaudited £
Profit for the year after tax	(2,365,451)	747,737
Adjustments for:		
Taxation charge	54,835	297,188
Finance costs	108,187	85,000
Loss on disposal of tangible fixed assets	29,636	13,058
Amortisation of intangible assets	314,755	314,755
Depreciation of tangible fixed assets	222,687	218,744
Movements in working capital:		
(Increase) / decrease in stocks	(55,821)	24,541
Decrease in debtors	2,931,473	794,622
Decrease in creditors	(200,124)	(1,470,057)
Cash generated from operations	1,040,177	1,025,588

During the year assets with a cost of £183,628 (2019 - £214,239) were acquired under finance lease agreements

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Analysis of changes in net funds – group

	¹ October 2019 £	Cash Flows £	Non-Cash movement £	30 September 2020 £
Amounts due from group undertakings	3,612,390	(1,280,460)	(2,331,930)	-
	<u>3,612,390</u>	<u>(1,280,460)</u>	<u>(2,331,930)</u>	<u>-</u>

The non-cash movement above relates to the impairment loss of £2,331,930 in respect of amounts due from group undertakings.

21 Financial commitments, guarantees and contingent liabilities

The company has given unlimited guarantees to the primary funder in respect of amounts owed to the lender by Vesso Limited. At 30 September 2020 the indebtedness amounted to £16,127,994 (2019- £14,381,154).

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group 2020 £	2019 unaudited £	Company 2020 £	2019 £
Within one year	377,273	259,870	118,834	22,977
Between two and five years	1,082,049	395,372	735,849	39,636
After five years	640,167	-	617,500	-
	<u>2,099,489</u>	<u>655,242</u>	<u>1,472,183</u>	<u>62,613</u>

23 Related party transactions

The group purchased Fitrite East Coast Limited from S Wright and PM Allott on 4 October 2018, who became directors on the same date. The purchase consideration is partly repayable by instalments, of which £1,400,000 remains outstanding at 30 September 2020.

Vesso Limited ('Vesso') owns 72% of the company's issued share capital. During the year Vesso provided a number of support services to the company for which it levied a management charge of £180,000 (2019- £180,000).

At 30 September 2020 the group owed Vesso £67,823 (At 30 September 2019, The group owed Vesso £121,264.)

FITRITE FENCING & DECKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

24 Post balance sheet events

During the Spring of 2020 the group, in common with many other businesses, was adversely impacted by the government's imposed lock-down in response to COVID-19. Consequently, the majority of the group's employees were placed on furlough.

Following the lifting of the restrictions demand within the leisure sector recovered strongly and subsequent activity levels have been in line with the prior year.

FITRITE FENCING & DECKING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

25 Parent undertakings and ultimate controlling party

The company's immediate parent company is Vesso Limited, a company registered in England and Wales.

Vesso Limited's parent undertaking is Vesso Bidco Limited

The ultimate controlling party of the group is Praesidian Capital Management Europe LLC as trustee of *Praesidian Capital Europe Master LP*.

The largest group of undertakings for which group accounts have been drawn up is that headed by Vesso Bidco Limited. Copies of Vesso Bidco Limited's financial statements are available from Unit F, St Mowden Park, Spinners Road, Wheatley Hall Road, Doncaster DN2 4LT.

FITRITE FENCING & DECKING LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 30 SEPTEMBER 2020

THE FOLLOWING PAGES DO NOT FORM PART OF THE FINANCIAL STATEMENTS

FITRITE FENCING & DECKING LIMITED
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£	£
Turnover		
Sales of goods	6,371,335	7,726,003
Cost of sales		
Direct costs	3,411,995	4,284,323
Wages and salaries	288,008	126,446
Social security costs	26,827	10,080
Subcontract labour	1,000	1,330
Staff pension costs defined contribution	7,602	3,254
Repairs, maintenance and loose tools	13,109	10,635
Depreciation	127,573	74,001
	<u>(3,876,114)</u>	<u>(4,510,069)</u>
Gross profit	2,495,221	3,215,934
Distribution costs	362,439	317,092
Administrative expenses	1,488,686	1,769,154
	<u>(1,851,125)</u>	<u>(2,086,246)</u>
Exceptional items	(2,542,720)	(99,169)
Operating profit	-1,898,624	1,030,519
Interest payable and similar expenses		
Hire purchase interest payable	15,911	20,973
Invoice finance interest payable	41,429	50,941
Non bank interest on loans	49,587	11,303
	<u>(106,927)</u>	<u>(83,217)</u>
Profit before taxation	(2,005,551)	947,302

FITRITE FENCING & DECKING LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£	£
Distribution costs		
Wages and salaries	46,113	54,482
Social security costs	3,998	5,488
Commissions payable	18,691	3,850
Staff pension costs defined contribution	863	1,220
Redundancy costs - staff	10,000	-
Motor and travel expenses	69,546	72,730
Advertising and marketing	213,228	179,297
Entertaining	-	25
	362,439	317,092
Administrative expenses		
Wages and salaries	397,493	517,991
Social security costs	44,180	66,943
Temporary staff	6,572	51,671
Staff recruitment costs	10,791	11,349
Staff pension costs defined contribution	13,254	7,901
Management charge	605,832	818,748
Rent and rates	36,045	-
Service charges	919	-
Security costs	6,018	-
Power, light and heat	330	-
Property repairs and maintenance	6,144	14,227
Computer running costs	64,043	32,197
Postage, courier and delivery charges	3,044	883
Legal and professional fees	89,778	65,482
Audit and accountancy	47,600	11,150
Bank charges	8,636	6,319
Bad and doubtful debts	29,998	29,919
Insurance	35,182	-
Telecommunications	15,541	4,569
Quality assurance	-	12,236
Sundry expenses	4,367	7,658
Depreciation	62,919	109,911
	1,488,686	1,769,154