

Company registration number 10071438 (England and Wales)

STAR TISSUE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

STAR TISSUE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Abid Ditta Khalid Saifullah Sajid Saifullah
Company number	10071438
Registered office	Waterfall Street Blackburn Lancashire BB2 2BN
Auditor	Pierce C A Limited Mentor House Ainsworth Street Blackburn Lancashire BB1 6AY
Business address	Waterfall Street Blackburn Lancashire BB2 2BN
Bankers	HSBC Bank plc 60 Church Street Blackburn Lancashire BB1 5AS

STAR TISSUE HOLDINGS LIMITED

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STAR TISSUE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present the strategic report and financial statements for the year ended 30 September 2023.

Review of the business

Our principal trading activity has been the manufacture of hygiene paper products for the Away from Home (AFH) market which includes the food, leisure, hospitality, office, industry and medical sectors.

The group remains committed to becoming a market leader in the manufacture of sustainable 100% recycled products and has continued with its strategy of further investments to drive operational efficiencies, quality improvements and to improve staff welfare.

This has been another successful year for the group, achieving our targeted revenue growth of nearly 20% and tripling our sales overseas.

Our brands SIRIUS, ACTIVE, BLISS, KLEENALL and SOFTELLE continue to gain market share and represent 60% of our overall turnover.

We have continued to heavily invest on the site, as part of our Future Factory programme. All production lines have now been completely automated. We have also built a further extension to our production facility. A new advanced CCTV and access control system was installed in all buildings on site. The fire alarm system was upgraded and enhanced across the site.

This year we recycled 99.3% of all our waste sending only 0.7% to landfill and have introduced two new electric vehicles to our motor fleet.

New process innovations are being explored to further integrate our machines with our ERP system. Utilising IOT and AI, it is possible to gather much more data to help with maintenance and production planning.

Further machine upgrades are planned to improve machine output providing much needed additional capacity to meet new and existing customer requirements.

Business environment

Overall, our market share increased in the AFH sector, our wide range of products and diverse customer base enabled us to grow our customer base and increase our turnover by 19% this year to £50.6m.

The group does not operate in a high-risk sector and has a very diversified range of customers with no single customer representing more than 5% of total revenue. The directors plan to continue with the strategy which has led to the satisfactory results.

Strategic management

Our strategy is to continue to grow the business through strategic investments that will introduce new products to our product range enhancing our product offering and providing a one stop shop for our customers. In the coming year our investments will be focussed on sustainability, productivity, quality and people development.

We will continue to maintain and strengthen our balance sheet with a view to exploring bigger investment opportunities that will increase our bottom line and market share. The group has developed a strong relationship with its finance providers which has resulted in a generous working capital facility agreed at competitive borrowing rates to help fund continued growth.

The group has continued to recruit the best people that are able to grow and develop in a fast growing business where productivity and innovation drives improvements throughout the business.

STAR TISSUE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Key performance indicators

The directors continue to measure the performance of the group by reference to market share, overall gross profit and net profitability of its subsidiary which are monitored on a monthly basis. We are pleased to report that the business has demonstrated its resilience in this challenging climate by growing its turnover and maintaining its profitability.

Other information and explanations

The group is committed to becoming a sustainable net zero business by 2025. Our journey towards sustainability and decarbonisation is guided by a vision of environmental responsibility, building social value and community cohesion.

We have transformed our supply chain to prioritise sustainable products, ensuring minimal carbon emissions and a reduced impact on biodiversity. By closely working with suppliers who share our commitment to eco-friendly practices, we have optimised our sourcing processes to meet the highest sustainability standards.

By recognising the urgency of addressing climate change, we are actively transitioning towards using 100% renewable clean energy. This move not only aligns with our commitment to reducing our carbon footprint but also reflects our dedication to a cleaner and more sustainable future.

We understand that sustainability is an ongoing journey. We will continue to evaluate and enhance our sustainability initiatives, incorporating feedback from stakeholders, investing in new technologies and staying abreast of industry best practices.

The group is proud of the strides taken in our sustainability journey. By prioritising environmental stewardship, social responsibility and community engagement, we are shaping a future where our business is not only successful but also a force for positive change.

On behalf of the board

Khalid Saifullah
Director

15 December 2023

STAR TISSUE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their annual report and financial statements for the year ended 30 September 2023.

Principal activities

The principal activity of the company is that of a parent company coordinating the activities of the group, whose trading subsidiary's principal activity is that of the manufacture and distribution of quality hygiene paper products.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £300,000. The directors do not recommend payment of a further dividend.

Directors

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

Abid Ditta
Khalid Saifullah
Sajid Saifullah

Auditor

The auditor, Pierce C.A. Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The greenhouse gas emissions and energy data for the year ended 30 September 2023 has been prepared in line with HM Government Environmental Reporting Guidelines dated March 2019 and have used publicly available conversion factors for company reporting.

The group's energy consumption includes head office and production site electricity and gas, LPG and motor vehicle fuels for owned vehicles only.

	2023 kWh
<i>Energy consumption</i>	
Aggregate of energy consumption in the year	2,282,530
	<hr/>
<i>Emissions of CO2 equivalent</i>	2023 metric tonnes
Scope 1 - direct emissions	
- Gas combustion	1.60
- Fuel consumed for owned transport	137.60
	<hr/>
	139.20
Scope 2 - indirect emissions	
- Electricity purchased	683.10
	<hr/>
Total gross emissions	822.30
	<hr/>
<i>Intensity ratio</i>	
Tonnes CO2e per employee	6.18
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STAR TISSUE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Measures taken to improve energy efficiency

The group has adopted a policy of using electric vehicles and fork lift trucks where possible as well as recycling 99.3% of our waste in the year.

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and 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.

STAR TISSUE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

Khalid Saifullah
Director

15 December 2023

STAR TISSUE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STAR TISSUE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Star Tissue Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 group's and the parent company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 group's and parent 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 year 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.

STAR TISSUE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STAR TISSUE HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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 parent 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.

In identifying and assessing risks of material misstatement in respect of irregularities we considered the following:

- The nature of the industry and the group and company's control environment.
- Results of our enquiries of management.
- The group and company's procedures and controls on compliance with laws and regulations and the risks of fraud.
- Discussions among the audit engagement team concerning potential indicators of fraud.

We are also required to perform specific procedures to respond to the risk of management override.

As a result of our audit procedures we did not identify a material risk of fraud or other non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

STAR TISSUE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STAR TISSUE HOLDINGS LIMITED

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.

Paul Moulding (Senior Statutory Auditor)
For and on behalf of Pierce C A Limited

15 December 2023

Statutory Auditor

Mentor House
Ainsworth Street
Blackburn
Lancashire
BB1 6AY

STAR TISSUE HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	50,642,413	42,608,722
Cost of sales		(38,630,986)	(33,582,923)
Gross profit		12,011,427	9,025,799
Administrative expenses		(5,167,539)	(3,454,917)
Other operating income		35,560	36,185
Operating profit	4	6,879,448	5,607,067
Interest receivable and similar income	8	20,795	-
Interest payable and similar expenses	9	(154,296)	(74,955)
Profit before taxation		6,745,947	5,532,112
Tax on profit	10	(1,565,151)	(1,296,554)
Profit for the financial year		5,180,796	4,235,558
Other comprehensive income			
Revaluation of tangible fixed assets		-	1,794,428
Total comprehensive income for the year		5,180,796	6,029,986

Profit and total comprehensive income for the year is all attributable to the owners of the parent company.

STAR TISSUE HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023	2022
	Notes	£	£
Fixed assets			
Tangible assets	13	9,154,248	9,273,606
Current assets			
Stocks	16	3,967,657	7,669,336
Debtors	17	10,014,387	9,403,678
Cash at bank and in hand		10,280,540	4,193,139
		24,262,584	21,266,153
Creditors: amounts falling due within one year	18	(7,942,409)	(9,114,093)
Net current assets		16,320,175	12,152,060
Total assets less current liabilities		25,474,423	21,425,666
Creditors: amounts falling due after more than one year	19	(1,688,748)	(2,528,468)
Provisions for liabilities			
Deferred tax liability	22	1,416,077	1,408,396
		(1,416,077)	(1,408,396)
Net assets		22,369,598	17,488,802
Capital and reserves			
Called up share capital	25	90	90
Revaluation reserve		1,955,529	1,990,584
Capital redemption reserve		10	10
Profit and loss reserves		20,413,969	15,498,118
Total equity		22,369,598	17,488,802

The financial statements were approved by the board of directors and authorised for issue on 15 December 2023 and are signed on its behalf by:

Khalid Saifullah
Director

Company registration number 10071438 (England and Wales)

STAR TISSUE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		4,302,532		4,375,000
Investments	14		100		100
			<u>4,302,632</u>		<u>4,375,100</u>
Current assets					
Debtors	17	2,667,195		960,000	
Cash at bank and in hand		6,791,988		2,401,129	
		<u>9,459,183</u>		<u>3,361,129</u>	
Creditors: amounts falling due within one year	18	(272,969)		(294,043)	
Net current assets			<u>9,186,214</u>		<u>3,067,086</u>
Total assets less current liabilities			<u>13,488,846</u>		<u>7,442,186</u>
Creditors: amounts falling due after more than one year	19		-		(496,643)
Provisions for liabilities					
Deferred tax liability	22	397,099		392,294	
		<u>(397,099)</u>		<u>(392,294)</u>	
Net assets			<u><u>13,091,747</u></u>		<u><u>6,553,249</u></u>
Capital and reserves					
Called up share capital	25		90		90
Revaluation reserve			1,759,373		1,794,428
Capital redemption reserve			10		10
Profit and loss reserves			<u>11,332,274</u>		<u>4,758,721</u>
Total equity			<u><u>13,091,747</u></u>		<u><u>6,553,249</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £6,838,498 (2022 - £685,510).

The financial statements were approved by the board of directors and authorised for issue on 15 December 2023 and are signed on its behalf by:

Khalid Saifullah
Director

Company registration number 10071438 (England and Wales)

STAR TISSUE HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 October 2021		90	198,416	10	12,137,800	12,336,316
Year ended 30 September 2022:						
Profit for the year		-	-	-	4,235,558	4,235,558
Other comprehensive income:						
Revaluation of tangible fixed assets		-	1,794,428	-	-	1,794,428
Total comprehensive income for the year		-	1,794,428	-	4,235,558	6,029,986
Dividends	11	-	-	-	(877,500)	(877,500)
Transfers		-	(2,260)	-	2,260	-
Balance at 30 September 2022		90	1,990,584	10	15,498,118	17,488,802
Year ended 30 September 2023:						
Profit and total comprehensive income for the year		-	-	-	5,180,796	5,180,796
Dividends	11	-	-	-	(300,000)	(300,000)
Transfers		-	(35,055)	-	35,055	-
Balance at 30 September 2023		90	1,955,529	10	20,413,969	22,369,598

STAR TISSUE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 October 2021		90	-	10	4,950,711	4,950,811
Year ended 30 September 2022:						
Profit for the year		-	-	-	685,510	685,510
Other comprehensive income:						
Revaluation of tangible fixed assets		-	1,794,428	-	-	1,794,428
Total comprehensive income for the year		-	1,794,428	-	685,510	2,479,938
Dividends	11	-	-	-	(877,500)	(877,500)
Balance at 30 September 2022		90	1,794,428	10	4,758,721	6,553,249
Year ended 30 September 2023:						
Profit and total comprehensive income for the year		-	-	-	6,838,498	6,838,498
Dividends	11	-	-	-	(300,000)	(300,000)
Transfers		-	(35,055)	-	35,055	-
Balance at 30 September 2023		90	1,759,373	10	11,332,274	13,091,747

STAR TISSUE HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	31				
		11,173,317		(713,248)	
Interest paid		(154,296)		(74,955)	
Income taxes paid		(1,259,057)		(248,872)	
Net cash inflow/(outflow) from operating activities		9,759,964		(1,037,075)	
Investing activities					
Purchase of tangible fixed assets		(548,699)		(1,069,180)	
(Advances)/repayments of loans made		(820,795)		577,500	
Interest received		20,795		-	
Net cash used in investing activities		(1,348,699)		(491,680)	
Financing activities					
Repayment of bank loans		(518,291)		(28,006)	
Advances from finance leases providers		-		796,500	
Payment for finance leases obligations		(432,474)		(430,949)	
Dividends paid to equity shareholders		(300,000)		(877,500)	
Net cash used in financing activities		(1,250,765)		(539,955)	
Net increase/(decrease) in cash and cash equivalents		7,160,500		(2,068,710)	
Cash and cash equivalents at beginning of year		2,579,965		4,648,675	
Cash and cash equivalents at end of year		9,740,465		2,579,965	
Relating to:					
Cash at bank and in hand		10,280,540		4,193,139	
Bank overdrafts included in creditors payable within one year		(540,075)		(1,613,174)	

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Company information

Star Tissue Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Waterfall Street, Blackburn, Lancashire, BB2 2BN.

The group consists of Star Tissue Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of the group's leasehold land and buildings. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, 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 or deficit of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill or negative goodwill respectively. The acquired negative goodwill arising on consolidation has been written off in full in the period of acquisition. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company Star Tissue Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2023. 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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group 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.

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.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value 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 15 years.

1.6 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:

Leasehold land and buildings	2% straight line
Plant and equipment	7.5% straight line
Fixtures and fittings	15% straight line
Motor vehicles	20% straight line

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

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 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.

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.

1.10 Cash at bank and in hand

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.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

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.

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 group after deducting all of its liabilities.

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

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.

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 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.

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.

The group's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.14 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.

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss on a straight line basis.

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 leased asset are consumed.

1.17 Government grants

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

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

Grants received in respect of capital expenditure are amortised on a straight line basis at 7.5% per annum in line with the depreciation policy on the plant and machinery assets to which they relate.

1.18 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.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

2 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.

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.

Stocks provisions

Stocks provision assessments are considered to be a key accounting estimate for which management review the results of regular stock counts in determining the extent to which provisions should be made against slow-moving or obsolete stocks.

Debtor recoverability

Debtor recoverability is considered to be a key accounting estimate for which management continuously monitor customer debt recoveries through credit control procedures and make assessments regarding the extent to which bad debt provisions are considered necessary.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Manufacture and supply of quality hygiene paper products	50,642,413	42,608,722
	<u>50,642,413</u>	<u>42,608,722</u>
	2023	2022
	£	£
Other significant revenue		
Interest income	20,795	-
Grants received	35,560	35,560
Covid-19 JRS monies receivable	-	625
	<u>56,355</u>	<u>36,185</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	47,643,372	41,604,391
Europe	2,999,041	1,004,331
	<u>50,642,413</u>	<u>42,608,722</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	258,634	(307,774)
Government grants	(35,560)	(36,185)
Depreciation of owned tangible fixed assets	413,557	318,832
Depreciation of tangible fixed assets held under finance leases	254,500	255,381
Cost of stocks recognised as an expense	35,635,475	30,680,559
Operating lease charges	559,596	168,958
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,500	3,000
Audit of the financial statements of the company's subsidiaries	10,500	7,500
	<u> </u>	<u> </u>
	14,000	10,500
	<u> </u>	<u> </u>
For other services		
All other non-audit services	21,680	14,907
	<u> </u>	<u> </u>

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administration	3	3	3	3
Production, sales and marketing	130	136	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	133	139	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	3,008,092	3,085,803	-	-
Social security costs	272,678	246,142	-	-
Pension costs	57,654	52,699	-	-
	<u>3,338,424</u>	<u>3,384,644</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>37,920</u>	<u>37,891</u>

Dividends paid to the directors during the year amounted to £300,000 (2022 - £877,500).

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Other interest income	<u>20,795</u>	<u>-</u>

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	146,369	74,955
Other finance costs:		
Other interest	<u>7,927</u>	<u>-</u>
Total finance costs	<u>154,296</u>	<u>74,955</u>

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	1,517,645	931,243
Adjustments in respect of prior periods	<u>39,825</u>	<u>(58,455)</u>
Total current tax	<u>1,557,470</u>	<u>872,788</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

10 Taxation

(Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	34,132	423,766
Adjustment in respect of prior periods	(26,451)	-
	<u>7,681</u>	<u>423,766</u>
Total deferred tax		
	<u>7,681</u>	<u>423,766</u>
Total tax charge	<u>1,565,151</u>	<u>1,296,554</u>

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

	2023 £	2022 £
Profit before taxation	<u>6,745,947</u>	<u>5,532,112</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	1,484,108	1,051,101
Tax effect of expenses that are not deductible in determining taxable profit	67,805	3,206
Effect of change in corporation tax rate	13,388	101,703
Depreciation on assets not qualifying for tax allowances	7,216	6,235
Research and development tax credit	-	(55,338)
Effect of revaluations of leasehold property	-	270,579
Other non-reversing timing differences	-	78
Under/(over) provided in prior years	39,825	(58,455)
Deferred tax adjustments in respect of prior years	(26,451)	-
Enhanced capital allowances claimed	(28,563)	(29,311)
Government grant income	7,823	6,756
	<u>1,565,151</u>	<u>1,296,554</u>
Taxation charge		
	<u>1,565,151</u>	<u>1,296,554</u>

11 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Interim paid	<u>300,000</u>	<u>877,500</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 October 2022 and 30 September 2023	67,098	(2,310,092)	(2,242,994)
Amortisation and impairment			
At 1 October 2022 and 30 September 2023	67,098	(2,310,092)	(2,242,994)
Carrying amount			
At 30 September 2023	-	-	-
At 30 September 2022	-	-	-

The company had no intangible fixed assets at 30 September 2023 or 30 September 2022.

13 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 October 2022	4,375,000	6,677,787	314,692	31,000	11,398,479
Additions	15,000	492,207	41,492	-	548,699
At 30 September 2023	4,390,000	7,169,994	356,184	31,000	11,947,178
Depreciation and impairment					
At 1 October 2022	-	1,880,381	233,384	11,108	2,124,873
Depreciation charged in the year	87,468	551,131	23,258	6,200	668,057
At 30 September 2023	87,468	2,431,512	256,642	17,308	2,792,930
Carrying amount					
At 30 September 2023	4,302,532	4,738,482	99,542	13,692	9,154,248
At 30 September 2022	4,375,000	4,797,406	81,308	19,892	9,273,606

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

13 Tangible fixed assets (Continued)

Company	Leasehold land and buildings
	£
Cost or valuation	
At 1 October 2022	4,375,000
Additions	15,000
	<u>4,390,000</u>
At 30 September 2023	4,390,000
Depreciation and impairment	
At 1 October 2022	-
Depreciation charged in the year	87,468
	<u>87,468</u>
At 30 September 2023	87,468
Carrying amount	
At 30 September 2023	<u>4,302,532</u>
At 30 September 2022	<u>4,375,000</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Plant and equipment	2,788,381	3,206,828	-	-

Land and buildings includes a valuation of £4,375,000 carried out at 15 September 2022 by Knight Frank LLP, independent valuers not connected with the company on the basis of market value, plus additions subsequent to this date carried at historic cost. The valuation conformed to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts for the group and company would have been approximately £2,347,021 (2022 - £2,384,434), being cost £2,635,632 (2022 - £2,620,632) and depreciation £288,611 (2022 - £236,198).

14 Fixed asset investments

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Investments in subsidiaries	15	-	-	100	100

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 October 2022 and 30 September 2023

100

Carrying amount

At 30 September 2023

100

At 30 September 2022

100

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Star Tissue UK Limited	Waterfall Street, Blackburn BB2 2BN	Ordinary	100.00

16 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	2,585,354	5,835,091	-	-
Work in progress	16,694	32,571	-	-
Finished goods and goods for resale	1,365,609	1,801,674	-	-
	<u>3,967,657</u>	<u>7,669,336</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	8,390,030	8,144,587	-	660,000
Amounts owed by group undertakings	-	-	1,500,000	-
Other debtors	1,303,917	1,017,382	1,167,195	300,000
Prepayments and accrued income	320,440	241,709	-	-
	<u>10,014,387</u>	<u>9,403,678</u>	<u>2,667,195</u>	<u>960,000</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

18 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	540,075	1,634,822	-	21,648
Obligations under finance leases	21	346,242	471,199	-	-
Trade creditors		5,114,460	5,868,920	-	2,850
Corporation tax payable		834,823	536,410	181,418	127,019
Other taxation and social security		770,928	370,415	86,300	138,025
Other creditors		12,935	10,547	-	-
Accruals and deferred income		322,946	221,780	5,251	4,501
		<u>7,942,409</u>	<u>9,114,093</u>	<u>272,969</u>	<u>294,043</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	-	496,643	-	496,643
Obligations under finance leases	21	1,600,156	1,907,673	-	-
Government grants	23	88,592	124,152	-	-
		<u>1,688,748</u>	<u>2,528,468</u>	<u>-</u>	<u>496,643</u>

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

Payable by instalments	-	619,141	-	398,612
	<u>-</u>	<u>619,141</u>	<u>-</u>	<u>398,612</u>

20 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	-	518,291	-	518,291
Bank overdrafts	540,075	1,613,174	-	-
	<u>540,075</u>	<u>2,131,465</u>	<u>-</u>	<u>518,291</u>
Payable within one year	540,075	1,634,822	-	21,648
Payable after one year	-	496,643	-	496,643
	<u>-</u>	<u>496,643</u>	<u>-</u>	<u>496,643</u>

The group's bankers, HSBC Bank plc, held as security fixed and floating charges over all of the group's property and other assets, together with a cross guarantee over all group borrowings.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20 Loans and overdrafts

(Continued)

The group also operates an invoice discounting facility with HSBC Invoice Finance (UK) Limited whereby working capital is provided to the subsidiary company under an agreement to purchase that company's eligible debts, against which fixed and floating charges have been granted over the subsidiary company's assets.

The group bank loan borrowings carried interest payable at a rate of 2.5% over the bank's base rate.

21 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	346,242	471,199	-	-
In two to five years	1,528,778	1,687,144	-	-
In over five years	71,378	220,529	-	-
	<u>1,946,398</u>	<u>2,378,872</u>	<u>-</u>	<u>-</u>

Obligations under finance lease and hire purchase agreements are secured by fixed charges on the assets concerned.

22 Deferred taxation

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

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	1,058,339	1,052,371
Revaluations	357,738	356,025
	<u>1,416,077</u>	<u>1,408,396</u>
Company	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	39,361	36,269
Revaluations	357,738	356,025
	<u>397,099</u>	<u>392,294</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

22 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 October 2022	1,408,396	392,294
Charge to profit or loss	7,681	4,805
Liability at 30 September 2023	<u>1,416,077</u>	<u>397,099</u>

23 Government grants

	Group 2023 £	2022 £	Company 2023 £	2022 £
Arising from government grants	<u>88,592</u>	<u>124,152</u>	<u>-</u>	<u>-</u>

Grants have been made available under the Regional Growth Fund to facilitate the acquisition of items of plant and machinery.

24 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>57,654</u>	<u>52,699</u>

Defined contribution pension schemes are operated for all qualifying employees. The assets of these schemes are held separately from those of the group in independently administered funds.

25 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary 'A' shares of £1 each	40	40	40	40
Ordinary 'B' shares of £1 each	25	25	25	25
Ordinary 'C' shares of £1 each	25	25	25	25
	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

26 Operating lease commitments

Lessee

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	451,157	436,829	-	-
Between two and five years	1,283,325	1,622,610	-	-
In over five years	-	43,800	-	-
	<u>1,734,482</u>	<u>2,103,239</u>	<u>-</u>	<u>-</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Acquisition of tangible fixed assets	-	124,000	-	-
	<u>-</u>	<u>124,000</u>	<u>-</u>	<u>-</u>

28 Related party transactions

During the year the group rented premises owned by the personal pension scheme of the directors and connected persons, of which they are trustees. A commercial rent amounting to £346,000 (2022 - £150,000) was paid to this Scheme by the group.

29 Controlling party

The company is ultimately controlled by the directors by virtue of their shareholdings in the company.

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

30 Directors' transactions

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Abid Ditta - Director's loan	2.00	120,000	400,000	7,765	(120,000)	407,765
Khalid Saifullah - Director's loan	2.00	90,000	400,000	7,090	(90,000)	407,090
Sajid Saifullah - Director's loan	2.00	90,000	300,000	5,940	(90,000)	305,940
		<u>300,000</u>	<u>1,100,000</u>	<u>20,795</u>	<u>(300,000)</u>	<u>1,120,795</u>

31 Cash generated from/(absorbed by) group operations

	2023 £	2022 £
Profit for the year after tax	5,180,796	4,235,558
Adjustments for:		
Taxation charged	1,565,151	1,296,554
Finance costs	154,296	74,955
Investment income	(20,795)	-
Depreciation and impairment of tangible fixed assets	668,057	574,213
Movements in working capital:		
Decrease/(increase) in stocks	3,701,679	(5,063,471)
Decrease/(increase) in debtors	210,086	(1,978,010)
(Decrease)/increase in creditors	(250,393)	182,513
Decrease in deferred income	(35,560)	(35,560)
Cash generated from/(absorbed by) operations	<u>11,173,317</u>	<u>(713,248)</u>

STAR TISSUE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

32 Analysis of changes in net funds/(debt) - group

	1 October 2022	Cash flows	30 September 2023
	£	£	£
Cash at bank and in hand	4,193,139	6,087,401	10,280,540
Bank overdrafts	(1,613,174)	1,073,099	(540,075)
	<u>2,579,965</u>	<u>7,160,500</u>	<u>9,740,465</u>
Borrowings excluding overdrafts	(518,291)	518,291	-
Obligations under finance leases	(2,378,872)	432,474	(1,946,398)
	<u>(317,198)</u>	<u>8,111,265</u>	<u>7,794,067</u>

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.