

Company Registration No. 10437403 (England and Wales)

SMALLWORLD ACCESSORIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

SMALLWORLD ACCESSORIES LIMITED

COMPANY INFORMATION

Director	Mr P D Galvin
Secretary	Rix & Kay Company Secretarial Services Limited
Company number	10437403
Registered office	The Courtyard River Way Uckfield East Sussex TN22 1SL
Auditor	Carpenter Box 5 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE
Business address	New Barn Brighton Road Newtimber Hassocks West Sussex BN6 9BS

SMALLWORLD ACCESSORIES LIMITED

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SMALLWORLD ACCESSORIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The director presents the strategic report for the year ended 28 February 2022.

Strategy

Smallworld Accessories Limited is an accessories supplier. The company operates concessions with major UK retailers providing fully merchandised end-to-end solutions in adults' and children's accessories across jewellery, hair, gifting, bags, cold weather and event categories. It also operates its own direct online sales channels.

The strategy of the business is:

- To grow by supplying sustainably-sourced accessory ranges to customers that enhance their brand positioning and clothing offer.
- To grow online sales through existing customers and directly through our own branded sustainably-sourced product.
- To develop profitable product extension opportunities within the accessories category to expand the width of the company's offer and grow the customer base both in the UK and internationally.

Business review

The business delivered a strong sales and profit performance in the year as the retail environment normalised through 2021/22, with sales of £16.1m up 47.8% and a PBT of £0.7m up £1.1m against the previous year. The sales performance was underpinned by the processes put in place during the pandemic in 2020/21, resulting in minimal disruption in supply of product to meet customer demand. Given the continued supply chain challenges the market faced, the business rightly made the decision to pull forward stock intake to protect sales in the first half of 2022/23, resulting in the higher closing stock position in February 2022.

This strong business performance was underpinned by the focus on execution and delivery of the colleagues across the business. Reacting to the evolving hybrid model, supply chain challenges etc. this focus ensured that the business was able to have the right product available to meet the customer demand.

From a product perspective, our adults' jewellery and hair ranges were enhanced with the introduction of the Small Stuff branded athleisure adults' hair accessories range, made from recycled materials, proving very successful with existing and new customers. Within our children's ranges, we saw our Back-to-School hair accessories offering rebound to pre-2020 levels and this has continued into 2022/23. In the second half of 2021/22, we had a very positive response when we introduced ranges containing glitter made from recycled plastic. All of our glitter is now made from recycled plastic.

The business has continued to accelerate its sustainable sourcing programme whilst at the same time offering the customer great value for money. We consistently deliver a more sustainable product offering whilst keeping our retail prices competitive. The forecast for 2022/23 is that 73% of the company's products manufactured will be made using recycled materials. During 2021/22, the business has also begun working with suppliers to focus on reducing its carbon footprint across its end-to-end supply chain.

During the year, the company has continued to work with customers to increase online presence on their platforms, whilst continuing to grow its direct online sales channels through its own brands, STYCH (Smile 'Til Your Cheeks Hurt) and Small Stuff. For the second year running, our STYCH brand was a winner of the Junior Design Awards, winning best children's fashion accessories brand.

Management KPIs

The following are the financial key performance indicators ('KPIs') used by management to assess and regulate the company's performance:

- Contribution per customer contract - these measures are not disclosed externally, but are used internally to ensure each contract delivers a sustainable level of contribution to support the ongoing profitability of the business.
- Gross profit as a % of turnover – 29.1% for the period, down 0.5% on the previous years' accounts.
- Trade debtor days: 18 (2021: 20)

SMALLWORLD ACCESSORIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

- Administrative expenses as a % of turnover – 24.3% for the period, a decrease of 13% from the previous year, partially as a result of sales recovery in 2021/22 after the sales down-turn the year before as a result of the COVID-19 pandemic. In the previous year there were also one-off up-front costs of the structural changes made to the cost base, which meant that the full cost reduction benefit was not realised until this year.

Principle risks and uncertainties

Market risk

The business has reacted to the supply chain challenges within the industry by increasing the lead times on orders as well as building stocks earlier to ensure peak sales periods are protected.

There is continuing market risk as a result of the negative economic headwinds that have started to impact the UK during 2022/23. From a business perspective these risks are that high cost inflationary pressures drive up the cost base of the business and negatively impact on customers' disposable income.

In order to mitigate these headwinds, the business is focused on the following areas:

- Rebalancing the product ranges to ensure that the product mix and value for money offering is aligned with customer demand.
- Development of both existing sales channels and potential new channels - leveraging our strengths in product design across adults' and children's accessories, especially in events, gifting and Back-to-School, whilst continuing to drive the use of recycled materials, with the focus on the conscious consumer of today.
- Continue to drive our own-brand sales growth organically, which had year-on-year sales growth across our own brands in the year of +81%, whilst developing new sales channels for these brands that both utilises and enhances the brand equity that has already been developed.
- Focus on mitigating overheads price increases as a result of the inflationary cost pressures in the UK, with special focus on where contractual arrangements come up for renewal to ensure that the cost base of the business is tightly controlled, and that cost efficiencies are made where possible.
- Continue to work with the company's suppliers in order to reduce the carbon footprint across its end-to-end supply chain. The company believes that this continued evolution along this pathway is critical to the long-term future of the business, whilst also providing it with an important point of difference in its market space.

Foreign exchange risk

The company imports the majority of its products from the Far East, with this largely being paid for in Chinese RMB, along with a smaller USD currency requirement. There has been a weakening of the pound against both RMB and USD currencies over the course of 2022 to date, and in order to mitigate against this the company has forward currency contracts in place to cover its currency requirements through until March 2023. The company regularly reviews the current exchange situation, and the potential economic indicators which could cause any further weakness in the pound, in order to determine if there is a need to place forward deals on a longer-term basis in order to mitigate the impact of currency fluctuations on its cost of product.

Regulatory risk

The company designs, manufactures and tests its products to ensure that they meet all legal requirements for the markets in which it operates. The company is a full member of the Ethical Trading Initiative.

On behalf of the board

Mr P D Galvin
Director

2 September 2022

SMALLWORLD ACCESSORIES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The director presents his annual report and financial statements for the year ended 28 February 2022.

Principal activities

The principal activity is that of a supplier of adults' and children's fashion jewellery, accessories and event merchandise.

Director

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

Mr P D Galvin

Results and dividends

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. The ultimate controlling entity has provided finance to assist cash flow and liquidity management.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. The concession stands are operated from the premises of large supermarket chains and some high street stores and sales are reported by the stores themselves based upon the goods passing through the tills. Due to the customer mix the company has not experienced debtor recovery issues but trade debtors are monitored on an ongoing basis and provision will be made for doubtful debts where necessary.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, Carpenter Box, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and foreign exchange risk.

SMALLWORLD ACCESSORIES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

Statement of disclosure to auditor

So far as the sole director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

COVID-19 assessment

The director has undertaken a robust assessment of the company's future trading prospects and have concluded that the company remains a going concern. See note 1.2 to the financial statements for further detail.

On behalf of the board

Mr P D Galvin

Director

2 September 2022

SMALLWORLD ACCESSORIES LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2022

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SMALLWORLD ACCESSORIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SMALLWORLD ACCESSORIES LIMITED

Opinion

We have audited the financial statements of Smallworld Accessories Limited (the 'company') for the year ended 28 February 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 28 February 2022 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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the director 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 director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

SMALLWORLD ACCESSORIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SMALLWORLD ACCESSORIES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- Obtaining an understanding of the company's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud and;
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the company and our sector-specific experience.

As a result of these procedures, we considered the opportunities and incentives that may exist within the company for fraud. We are also required to perform specific procedures to respond to the risk of management override. As a result of performing the above, we identified the following areas as those most likely to have an impact on the financial statements: health & safety, employment law and compliance with the UK Companies Act.

SMALLWORLD ACCESSORIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SMALLWORLD ACCESSORIES LIMITED

In addition to the above, our procedures to respond to risks identified included the following:

- Making enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions and write offs, goodwill and fair value of forward contracts; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to him 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.

Robert Dowling FCA (Senior Statutory Auditor)
For and on behalf of Carpenter Box
Chartered Accountants
Statutory Auditor
Crawley

2 September 2022

Carpenter Box is a trading name of Carpenter Box Limited



SMALLWORLD ACCESSORIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

		Year ended 28 February 2022 £	Year ended 28 February 2021 £
	Notes		
Turnover	3	16,134,857	10,918,902
Cost of sales		(11,442,243)	(7,692,818)
Gross profit		4,692,614	3,226,084
Administrative expenses		(3,917,666)	(4,073,288)
Other operating income		37,998	588,504
Operating profit/(loss)	4	812,946	(258,700)
Interest receivable and similar income	7	424	453
Interest payable and similar expenses	8	(78,123)	(66,578)
Profit/(loss) before taxation		735,247	(324,825)
Tax on profit/(loss)	9	(150,100)	133,941
Profit/(loss) for the financial year		585,147	(190,884)
Other comprehensive income			
Fair value gains / (losses) on foreign exchange contracts		104,790	257,517
Tax relating to other comprehensive income		(19,910)	(48,928)
Total comprehensive income for the year		670,027	17,705

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

SMALLWORLD ACCESSORIES LIMITED

BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	10		371,776		457,446
Tangible assets	11		98,457		114,293
			<u>470,233</u>		<u>571,739</u>
Current assets					
Stocks	13	2,724,903		1,339,068	
Debtors falling due after more than one year	14	830,412		820,358	
Debtors falling due within one year	14	733,024		594,608	
Cash at bank and in hand		819,919		1,723,490	
		<u>5,108,258</u>		<u>4,477,524</u>	
Creditors: amounts falling due within one year	15	<u>(1,960,221)</u>		<u>(1,995,754)</u>	
Net current assets			<u>3,148,037</u>		<u>2,481,770</u>
Total assets less current liabilities			<u>3,618,270</u>		<u>3,053,509</u>
Creditors: amounts falling due after more than one year	16		<u>(2,845,088)</u>		<u>(2,952,454)</u>
Provisions for liabilities			<u>(23,700)</u>		<u>(21,600)</u>
Net assets			<u><u>749,482</u></u>		<u><u>79,455</u></u>
Capital and reserves					
Called up share capital	20		1		1
Hedging reserve	21		(13,827)		(98,707)
Profit and loss reserves			<u>763,308</u>		<u>178,161</u>
Total equity			<u><u>749,482</u></u>		<u><u>79,455</u></u>

The financial statements were approved and signed by the director and authorised for issue on 2 September 2022

Mr P D Galvin
Director

Company Registration No. 10437403

SMALLWORLD ACCESSORIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 March 2020	1	(307,296)	369,045	61,750
Year ended 28 February 2021:				
Loss for the year	-	-	(190,884)	(190,884)
Other comprehensive income:				
Fair value losses on foreign exchange contracts	-	257,517	-	257,517
Tax relating to other comprehensive income	-	(48,928)	-	(48,928)
Total comprehensive income for the year	-	208,589	(190,884)	17,705
Balance at 28 February 2021	1	(98,707)	178,161	79,455
Period ended 28 February 2022:				
Profit for the period	-	-	585,147	585,147
Other comprehensive income:				
Fair value gains on foreign exchange contracts	-	104,790	-	104,790
Tax relating to other comprehensive income	-	(19,910)	-	(19,910)
Total comprehensive income for the period	-	84,880	585,147	670,027
Balance at 28 February 2022	1	(13,827)	763,308	749,482

SMALLWORLD ACCESSORIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(720,566)		809,687
Interest paid			(115,134)		(8,735)
Income taxes paid			-		(14,741)
Net cash (outflow)/inflow from operating activities			(835,700)		786,211
Investing activities					
Purchase of tangible fixed assets		(34,087)		(11,894)	
Proceeds on disposal of tangible fixed assets		-		728	
Interest received		424		453	
Net cash used in investing activities			(33,663)		(10,713)
Financing activities					
Repayment of borrowings		-		(14,421)	
Proceeds of new bank loans		-		750,000	
Repayment of bank loans		(37,500)		-	
Net cash (used in)/generated from financing activities			(37,500)		735,579
Net (decrease)/increase in cash and cash equivalents			(906,863)		1,511,077
Cash and cash equivalents at beginning of year			1,723,490		213,682
Effect of foreign exchange rates			3,292		(1,269)
Cash and cash equivalents at end of year			819,919		1,723,490

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

Company information

Smallworld Accessories Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Courtyard, River Way, Uckfield, East Sussex, TN22 1SL.

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 £1.

The financial statements have been prepared under the historical cost convention adjusted for certain financial instruments measured at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The director has considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The business has shown a significant recovery in turnover post the COVID-19 pandemic with a +48% increase against the previous year, with the Far East supply chain having stabilised and all of the company's concession sales locations being fully open again from mid-April 2021 when all UK COVID-19 restrictions were removed. The actions which were implemented early on in 2020 in response to the COVID-19 pandemic challenges ensured that the business was in a solid position at the beginning of the year in order to be able to maximise the sales during 2021, and also to ensure the business returned to a strong profit for the year of £735k before tax.

There is continuing market risk as a result of the negative economic headwinds that have started to impact the UK during 2022. From a business perspective, the risks are that high cost inflationary pressures drive up the cost base of the business and negatively impact on customers' disposable income. As a result of these business pressures, the director has performed a robust analysis of forecast future cash flows, taking into account the potential impact on the business of possible future scenarios arising from the impact of the current economic operating environment. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the director has concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

1.3 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 customer returns, VAT and other sales related taxes. It is shown prior to any commissions paid.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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 10 years.

The goodwill amortisation charge is included within administrative expenses in the Statement of Comprehensive Income.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

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

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

Leasehold improvements	Straight line over the term of the lease
Plant and equipment	15% diminishing balance
Fixtures and fittings	Straight line over 5 years
Computers	Straight line over 3 years

1.6 Impairment of fixed assets

At each reporting period end date, the company 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell after making allowances for obsolete and slow moving stock.

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include deposits held at call with banks and bank overdrafts.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

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

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

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

Basic financial assets

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Basic financial liabilities

Basic financial liabilities 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.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

Other financial liabilities

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

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

1.11 Taxation

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

Current tax

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

Deferred tax

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

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

1.13 Retirement benefits

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

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.14 Leases

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

1.15 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.

1.16 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 are included in the profit and loss account for the period.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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

The company monitors stock levels and impairment on an ongoing basis. Units held on concession stands are vulnerable to damage, pilfering and misplacement within the stores and provisions are maintained to reflect this. At the end of a season the company writes off the bulk of the remaining goods as new product lines are introduced. This estimation includes judgement on a number of factors including historical sales patterns, expected sales profiles and potential obsolescence. At the reporting date, the carrying amount of inventory was £2,724,903 (2021 - £1,339,068).

Intangible assets (goodwill)

There was a one-off goodwill impairment loss event in the year, with £11,315 of impairment losses recognised within administrative expenses in the Statement of Comprehensive Income. The director has reviewed the estimated useful life of the remaining goodwill after this impairment event, and determined that this goodwill should continue to be amortised over 10 years from the inception date, with no further impairment of goodwill required to be recognised.

Derivative financial instruments

The company uses forward foreign exchange contracts to hedge its currency transaction exposures. The contracts are initially recognised at fair value on the date the derivative contract is entered into, and subsequently re-measured to fair value at each reporting date, by reference to the spot exchange rate of the relevant currency at the relevant date. At the reporting date, the fair value of the financial liability in relation to forward foreign exchange contracts was £17,071 (2021 - £121,861).

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Concessions	15,909,997	10,715,816
Wholesale	224,860	203,086
	<u>16,134,857</u>	<u>10,918,902</u>
	2022	2021
	£	£
Other significant revenue		
Interest income	424	453
Grants received	29,462	570,812
	<u></u>	<u></u>

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	16,102,812	10,916,149
Republic of Ireland	73	2,753
United States of America	21,750	-
Israel	10,222	-
	<u>16,134,857</u>	<u>10,918,902</u>

All turnover is derived from the sale of goods.

4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the period is stated after charging/(crediting):		
Government grants	(29,462)	(570,812)
Fees payable to the company's auditor for the audit of the company's financial statements	27,100	27,800
Depreciation of owned tangible fixed assets	49,923	46,306
Profit on disposal of tangible fixed assets	-	(542)
Amortisation of intangible assets	74,355	76,241
Impairment of intangible assets	11,315	-
Operating lease charges	<u>144,411</u>	<u>143,246</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £225,333 (2021 - £175,471).

5 Employees

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

	2022	2021
	Number	Number
Head office / Distribution / Field management	44	50
Visual merchandisers	<u>219</u>	<u>299</u>
Total	<u>263</u>	<u>349</u>

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,331,242	2,637,877
Social security costs	187,879	197,396
Pension costs	36,395	37,037
	<u>2,555,516</u>	<u>2,872,310</u>

6 Director's remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>210,439</u>	<u>207,893</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	<u>210,439</u>	<u>207,893</u>

The director is also considered to represent the key management personnel of the company.

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>424</u>	<u>453</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>424</u>	<u>453</u>

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,567	-
Interest payable to group undertakings	57,843	57,843
	<u>71,410</u>	<u>57,843</u>
Other finance costs:		
Other interest	6,713	8,735
	<u>78,123</u>	<u>66,578</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	148,000	-
Adjustments in respect of prior periods	-	(127,641)
	<u>148,000</u>	<u>(127,641)</u>
Deferred tax		
Origination and reversal of timing differences	2,100	(6,300)
	<u>150,100</u>	<u>(133,941)</u>

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

	2022	2021
	£	£
Profit/(loss) before taxation	<u>735,247</u>	<u>(324,825)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	139,697	(61,717)
Tax effect of expenses that are not deductible in determining taxable profit	3,746	146
Tax effect of utilisation of tax losses not previously recognised	(12,370)	27,948
Unutilised tax losses carried forward	-	12,564
Adjustments in respect of prior years	-	(127,641)
Permanent capital allowances in excess of depreciation	(1,944)	-
Depreciation on assets not qualifying for tax allowances	49	249
Amortisation on assets not qualifying for tax allowances	14,127	14,486
Other permanent differences	1,275	-
Deferred tax adjustments in respect of prior years	-	(14)
Effect of rounding to the nearest £1,000	(169)	38
Effect of change in local deferred tax rate	5,689	-
	<u>150,100</u>	<u>(133,941)</u>

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Fair value adjustments on foreign exchange contracts	19,910	48,928

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 March 2021 and 28 February 2022	762,410
Amortisation and impairment	
At 1 March 2021	304,964
Amortisation charged for the year	74,355
Impairment losses	11,315
At 28 February 2022	390,634
Carrying amount	
At 28 February 2022	371,776
At 28 February 2021	457,446

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 March 2021	33,470	566	147,025	80,724	261,785
Additions	-	-	2,667	31,420	34,087
At 28 February 2022	33,470	566	149,692	112,144	295,872
Depreciation and impairment					
At 1 March 2021	25,680	566	52,340	68,906	147,492
Depreciation charged in the year	5,771	-	29,685	14,467	49,923
At 28 February 2022	31,451	566	82,025	83,373	197,415
Carrying amount					
At 28 February 2022	2,019	-	67,667	28,771	98,457
At 28 February 2021	7,790	-	94,685	11,818	114,293

12 Financial instruments

	2022 £	2021 £
Carrying amount of financial liabilities		
Measured at fair value through other comprehensive income		
- Other financial liabilities	17,071	121,861

13 Stocks

	2022 £	2021 £
Finished goods and goods for resale	2,724,903	1,339,068

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	338,759	256,429
Amounts owed by group undertakings	1	1
Other debtors	214,559	230,933
Prepayments and accrued income	179,705	107,245
	733,024	594,608

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

14 Debtors (Continued)

	2022 £	2021 £
Amounts falling due after more than one year:		
Other debtors	827,168	797,204
Deferred tax asset (note 18)	3,244	23,154
	<u>830,412</u>	<u>820,358</u>
Total debtors	<u>1,563,436</u>	<u>1,414,966</u>

Other debtors falling due after more than one year includes a deposit of £827,168 (2021: £797,204) with a key supplier to provide security on orders placed by the company. This is funded by a loan from the ultimate controlling entity of the same amount, which is recorded in creditors: amounts falling due after more than one year within other borrowings.

15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	17	156,569	93,750
Trade creditors		322,457	223,659
Corporation tax		162,480	14,480
Other taxation and social security		775,476	1,090,658
Derivative financial instruments		17,071	121,861
Other creditors		69,699	-
Accruals and deferred income		456,469	451,346
		<u>1,960,221</u>	<u>1,995,754</u>

16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	562,500	656,250
Other borrowings	17	2,282,588	2,296,204
		<u>2,845,088</u>	<u>2,952,454</u>

Other borrowings relates to a loan from the ultimate controlling entity, which has been subordinated to the loan received under the UK Government-backed Coronavirus Business Interruption Loan Scheme ("CBILS") received during the prior year.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

17 Loans and overdrafts

	2022 £	2021 £
Bank loans	719,069	750,000
Loans from group undertakings	2,282,588	2,296,204
	<u>3,001,657</u>	<u>3,046,204</u>
Payable within one year	156,569	93,750
Payable after one year	<u>2,845,088</u>	<u>2,952,454</u>

As disclosed within note 14, the ultimate controlling entity has provided a loan to the company to fund a deposit that is held with a key supplier.

In the prior year, the company obtained a bank loan under the UK Government-backed Coronavirus Business Interruption Loan Scheme ("CBILS"). The loan is subject to interest charges at a rate of 3.8% above the Bank of England base rate per annum, with the Government providing a Business Interruption payment to cover the first 12 months of interest payments. The loan is repayable over 6 years, with a repayment holiday in place for the first 12 months of the loan.

The loan is secured by fixed and floating charges over the company's assets and has external guarantees.

18 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	23,700	21,600	-	-
Fair value loss on foreign exchange contracts	-	-	3,244	23,154
	<u>23,700</u>	<u>21,600</u>	<u>3,244</u>	<u>23,154</u>
Movements in the year:				2022 £
Asset at 1 March 2021				(1,554)
Charge to profit or loss				<u>22,010</u>
Liability at 28 February 2022				<u>20,456</u>

The timing of the expected reversal of the deferred tax asset is expected to be in the next 12 months. The deferred tax liability is expected to reverse over the useful lives of the tangible fixed assets.

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

19 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	36,395	37,037

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

21 Hedging reserve

	2022	2021
	£	£
At the beginning of the year	(98,707)	(307,296)
Gains and losses on cash flow hedges	104,790	257,517
Deferred tax on gains and losses on cash flow hedges	(19,910)	(48,928)
At the end of the year	(13,827)	(98,707)

The company entered into forward foreign exchange contracts to mitigate exchange rate risk for foreign currency payments, all contracts mature within 12 months of the reporting date.

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:

	2022	2021
	£	£
Within one year	113,437	146,325
Between two and five years	70,428	87,061
	183,865	233,386

SMALLWORLD ACCESSORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

23 Related party transactions

At the reporting date the company had loans outstanding with the ultimate controlling entity amounting to £2,282,588 (2021: £2,296,204), included within non-current liabilities. The loan interest paid during the year was £57,843 (2021: £57,843) and was charged at a rate of 4% (2021: 4%) on the interest bearing loan.

24 Ultimate controlling party

The immediate parent company is Smallworld Accessories Holdings Limited, a company incorporated in England and Wales. Smallworld Accessories Holdings Limited prepares consolidated financial statements, which include the results of the company, copies of which are available from Companies House.

The ultimate controlling entity is Chuan Men Investment Inc, a company incorporated in Taiwan.

25 Cash generated from operations

	2022 £	2021 £
Profit/(loss) for the year after tax	585,147	(190,884)
Adjustments for:		
Taxation charged/(credited)	150,100	(133,941)
Finance costs	78,123	66,578
Investment income	(424)	(453)
Gain on disposal of tangible fixed assets	-	(542)
Amortisation and impairment of intangible assets	85,670	76,241
Depreciation and impairment of tangible fixed assets	49,923	46,306
Unrealised currency translation (gains)/losses on long-term loans	29,964	(68,848)
Foreign exchange losses/(gains) on cash equivalents	(3,292)	1,269
Movements in working capital:		
(Increase)/decrease in stocks	(1,385,835)	641,114
(Increase)/decrease in debtors	(168,380)	289,389
(Decrease)/increase in creditors	(141,562)	83,458
Cash (absorbed by)/generated from operations	(720,566)	809,687

26 Analysis of changes in net debt

	1 March 2021 £	Cash flows £	Exchange rate movements £	28 February 2022 £
Cash at bank and in hand	1,723,490	(906,863)	3,292	819,919
Borrowings excluding overdrafts	(3,046,204)	44,547	-	(3,001,657)
	<u>(1,322,714)</u>	<u>(862,316)</u>	<u>3,292</u>	<u>(2,181,738)</u>

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