

Company Registration No. 11539600 (England and Wales)

BRAND FACTORY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
PAGES FOR FILING WITH REGISTRAR

BRAND FACTORY LIMITED

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BRAND FACTORY LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	5	205,754		135,725	
Investments	6	146,263		-	
			352,017		135,725
Current assets					
Stocks		1,753,019		1,418,355	
Debtors	7	2,136,140		5,803,274	
Cash at bank and in hand		485,674		60,534	
			4,374,833		7,282,163
Creditors: amounts falling due within one year	8	(2,552,879)		(5,722,175)	
Net current assets			1,821,954		1,559,988
Total assets less current liabilities			2,173,971		1,695,713
Creditors: amounts falling due after more than one year	9		(727,403)		(871,009)
Provisions for liabilities			(24,040)		(9,774)
Net assets			1,422,528		814,930
Capital and reserves					
Called up share capital	11		100		100
Profit and loss reserves			1,422,428		814,830
Total equity			1,422,528		814,930

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 August 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

BRAND FACTORY LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2021

The financial statements were approved by the board of directors and authorised for issue on 19 January 2022 and are signed on its behalf by:

Mr D Vithlani
Director

Company Registration No. 11539600

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Brand Factory Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1a Clive Way, Watford, England, WD24 4PX

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The company has early adopted the Triennial review and these financial statements have been prepared in accordance with FRS 102 (March 2018) 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and Companies Act 2006.

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

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

1.2 Turnover

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

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

1.3 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	Amortised over remaining lease period
Plant and equipment	25% Reducing balance method
Fixtures and fittings	25% Reducing balance method
Motor vehicles	25% Reducing balance method

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

1.4 Fixed asset investments

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. In determining the cost of goods purchased for resale, the first in first out purchase price is used.

1.7 Cash and cash equivalents

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

1.8 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, 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.

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.9 Taxation

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

Current tax

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

Deferred tax

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

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

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.10 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.

1.11 Retirement benefits

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

1.12 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.

1.13 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.

1.14 Supplier rebates

Supplier allowances and credits are recorded against Purchases as they are earned according to the underlying agreement. Allowances consist primarily of promotional allowances, quantity discounts and payments under merchandising agreements. Amounts received under promotional or other merchandising allowance agreements that require specific performance are recognised when the performance is satisfied, the amount is fixed and determinable and the collection is reasonably assured.

1.15 Retrospective rebates and discounts

The company negotiates discounts directly with suppliers. These discounts are accounted for once the directors are confident that the company is entitled to the discount, and are netted against cost of sales accordingly.

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of debtors

The company reviews their portfolio of trade debtors on an annual basis. In determining whether trade debtors are impaired, the management makes judgment as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

3 Employees

The average monthly number of persons employed by the company during the period was

	2021 Number	2020 Number
Total	33	24

4 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	128,842	131,788
Deferred tax		
Origination and reversal of timing differences	14,266	(1,598)
Total tax charge	143,108	130,190

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2020	-	30,650	67,050	96,667	194,367
Additions	10,000	42,930	67,885	-	120,815
At 31 August 2021	10,000	73,580	134,935	96,667	315,182
Depreciation and impairment					
At 1 September 2020	-	9,613	11,269	37,760	58,642
Depreciation charged in the year	6,541	9,809	19,709	14,727	50,786
At 31 August 2021	6,541	19,422	30,978	52,487	109,428
Carrying amount					
At 31 August 2021	3,459	54,158	103,957	44,180	205,754
At 31 August 2020	-	21,037	55,781	58,907	135,725

The net carrying value and depreciation of tangible fixed assets includes the following in respect of assets held under hire purchase contracts.

Net book value £44,180 (2020: £58,907) and Depreciation £52,487 (2020: £37,760).

6 Fixed asset investments

	2021 £	2020 £
Other investments other than loans	146,263	-

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 September 2020	-
Additions	146,263
At 31 August 2021	146,263
Carrying amount	
At 31 August 2021	146,263
At 31 August 2020	-

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

7 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,685,112	4,706,632
Other debtors	451,028	1,096,642
	<u>2,136,140</u>	<u>5,803,274</u>

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	110,000	-
Trade creditors	1,961,827	5,085,445
Corporation tax	128,841	183,427
Other taxation and social security	45,849	39,405
Other creditors	306,362	413,898
	<u>2,552,879</u>	<u>5,722,175</u>

9 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	430,833	550,000
Other creditors	296,570	321,009
	<u>727,403</u>	<u>871,009</u>

The bank loan is secured by an all moneys guarantee from Metro Group (GB) Limited, unlimited debenture from Brand Factory Limited and a deed of postponement from all director loan.

The bank loan is secured by the Government.

10 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	<u>24,040</u>	<u>9,774</u>

BRAND FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Deferred taxation (Continued)

	2021
Movements in the year:	£
Liability at 1 September 2020	9,774
Charge to profit or loss	14,266
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Liability at 31 August 2021	24,040
	<hr/>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

11 Called up share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>

12 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

Included within debtors is amounts due to related parties with common directors and shareholders amounting to £201,076 (2020: £720,500).

Included within creditors is amounts due to related parties with common directors and shareholders amounting to £357,236 (2020: £1,994,511) and amounts due to director amounting to £384,773 (2020: £359,080).

Also included within purchases are transactions with related parties with common directors and shareholders amounting to £10,481,525 (2020: £10,780,485).

Rent of £114,405 (2020: £78,537) is paid to related party with common directors and shareholders.

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