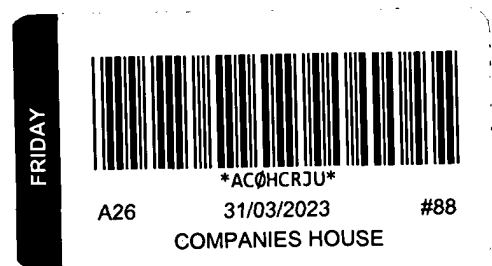


Registered number: 12268335

**Gemporia Craft Limited**

Directors' Report and Financial Statements

For the Year Ended 31 March 2022



**DAINS**

## **Gemporia Craft Limited**

### **Company Information**

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<b>Directors</b>	J R Bennett P M Bennett S C Bennett R S Fudger N Garratt (resigned 26 January 2022) M Jackson (resigned 1 April 2021) S R Stone (appointed 6 January 2023) C F Wagstaffe (appointed 6 January 2023, resigned 21 March 2023) D Williams (appointed 6 January 2023)
<b>Registered number</b>	12268335
<b>Registered office</b>	Eagle Road Studios Unit 2D Eagle Road Moons Moat North Industrial Estate Redditch Worcestershire B98 9HF
<b>Independent auditors</b>	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH

## **Gemporia Craft Limited**

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**Strategic Report  
For the Year Ended 31 March 2022**

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**Introduction**

The principal activity of the Company is the operation of TV and Ecommerce business supplying the home craft market. Gemporia Craft is the collective name for Gemporia's craft brands which consist of Jewellery Maker, Sewing Street and HobbyMaker which launched in March 2022.

The Company runs its own broadcasting facilities and warehouse in the heart of the UK. Its customers are also able to call a UK call centre operated by Gemporia Limited.

The employees, via an Employee Ownership Trust have a majority shareholding in the ultimate parent undertaking of this Company.

The objective of the Company is to maximise returns for the shareholders by providing crafting kits and engaging product demonstrations and other products at exceptional value.

Key to this objective is the direct sourcing and close working relationships it maintains with its suppliers.

**Business review**

The performance achieved during the year is set out in the Statement of comprehensive income on page 9.

At 31 March 2022, the Company had net liabilities of £211,345 (2021 - net assets of £945,594).

COVID-19 pandemic lockdown restrictions benefited businesses supplying the home craft market. Post pandemic, sales remain strong as many Crafters continue with the hobbies undertaken in lockdown. The launch of HobbyMaker complements Sewing Street and the number of new customers continues to grow.

**Principal risks and uncertainties**

The Company's activities expose it to financial risks including cash flow and liquidity risk.

**Cash flow and liquidity risk**

The Company carefully monitors its cash flow and ensures that investment opportunities are held within liquidity parameters.

**Financial key performance indicators**

The business monitors a wide range of key performance indicators to optimise performance.

The Directors are aware that owing to the retailing nature of the business the principal risks are due to changes in customer buying habits.

A number of key performance indicators are monitored that help to identify changes in customer trends; these would include sales call volumes, new customer numbers and sales turnover. The business has an ability to react quickly to changes in these key performance indicators to minimise the risk to the Company.

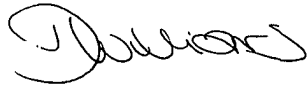
The Company has controls to monitor stocks and other operational aspects of the business to ensure that it meets its regulatory requirements.

**Gemporia Craft Limited**

**Strategic Report (continued)  
For the Year Ended 31 March 2022**

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This report was approved by the board on 29 March 2023 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D Williams', is positioned above the printed name and title.

**D Williams  
Director**

**Directors' Report  
For the Year Ended 31 March 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,156,939 (2021 - profit £673,797).

No dividends were declared in the current or preceding year.

**Directors**

The directors who served during the year were:

J R Bennett  
P M Bennett  
S C Bennett  
R S Fudger  
N Garratt (resigned 26 January 2022)  
M Jackson (resigned 1 April 2021)

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Gemporia Craft Limited**

**Directors' Report (continued)  
For the Year Ended 31 March 2022**

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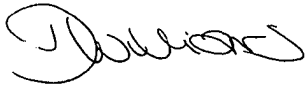
**Post balance sheet events**

The Group was restructured in December 2022 and a new Holding Company created which now holds 100% of the shares of Gemporia Craft Limited.

**Auditors**

The directors, having been notified of the cessation of the partnership known as Dains LLP, resolved that Dains Audit Limited be appointed as successor auditor with effect from 1 April 2022. The auditors, Dains Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 March 2023 and signed on its behalf.



**D Williams  
Director**

## **Opinion**

We have audited the financial statements of Gemporia Craft Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

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

## **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.



**Independent Auditors' Report to the Members of Gemporia Craft Limited (continued)**

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**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 Auditors' 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the retail sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Independent Auditors' Report to the Members of Gemporia Craft Limited (continued)

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**Auditors' responsibilities for the audit of the financial statements (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of  
**Dains Audit Limited**

Statutory Auditor  
Chartered Accountants

Birmingham

29 March 2023

**Gemporia Craft Limited****Statement of Comprehensive Income  
For the Year Ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	4	20,089,104	19,223,513
Cost of sales		(11,302,290)	(8,978,488)
<b>Gross profit</b>		<b>8,786,814</b>	<b>10,245,025</b>
Administrative expenses		(9,952,424)	(9,509,918)
Other operating income	5	10,000	96,929
<b>Operating (loss)/profit</b>		<b>(1,155,610)</b>	<b>832,036</b>
Interest receivable and similar income	10	14	-
Interest payable and similar expenses	11	(343)	-
<b>(Loss)/profit before tax</b>		<b>(1,155,939)</b>	<b>832,036</b>
Tax on (loss)/profit	12	(1,000)	(158,239)
<b>(Loss)/profit for the financial year</b>		<b>(1,156,939)</b>	<b>673,797</b>
<b>Total comprehensive income for the year</b>		<b>(1,156,939)</b>	<b>673,797</b>

The notes on pages 12 to 25 form part of these financial statements.

**Gemporia Craft Limited**  
**Registered number:12268335**

**Balance Sheet**  
**As at 31 March 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	160,478	(142,866)
Tangible assets	14	89,592	112,725
		<u>250,070</u>	<u>(30,141)</u>
<b>Current assets</b>			
Stocks	15	4,394,965	5,456,872
Debtors: amounts falling due within one year	16	1,208,964	802,419
Cash at bank and in hand	17	467,678	237,203
		<u>6,071,607</u>	<u>6,496,494</u>
Creditors: amounts falling due within one year	18	(6,513,022)	(5,501,759)
<b>Net current (liabilities)/assets</b>		<u>(441,415)</u>	<u>994,735</u>
<b>Total assets less current liabilities</b>		<u>(191,345)</u>	<u>964,594</u>
<b>Provisions for liabilities</b>			
Deferred tax	19	(20,000)	(19,000)
		<u>(20,000)</u>	<u>(19,000)</u>
<b>Net (liabilities)/assets</b>		<u><u>(211,345)</u></u>	<u><u>945,594</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	(211,445)	945,494
		<u><u>(211,345)</u></u>	<u><u>945,594</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2023.



**D Williams**  
**Director**

The notes on pages 12 to 25 form part of these financial statements.

**Gemporia Craft Limited**

**Statement of Changes in Equity  
For the Year Ended 31 March 2022**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2020</b>	<b>100</b>	<b>271,697</b>	<b>271,797</b>
Profit for the year	-	673,797	673,797
<b>At 1 April 2021</b>	<b>100</b>	<b>945,494</b>	<b>945,594</b>
Loss for the year	-	(1,156,939)	(1,156,939)
<b>At 31 March 2022</b>	<b>100</b>	<b>(211,445)</b>	<b>(211,345)</b>

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The notes on pages 12 to 25 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

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**1. General information**

Gemporia Craft Limited is a private company, limited by shares and incorporated in England and Wales. The address of the registered office can be found on the company information page. The company's principal is the operation of TV and Ecommerce business supplying the home craft market, specialising in jewellery making kits and haberdashery products.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Amounts presented in the financial statements have been rounded to the nearest £1.

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gemporia Partnership Limited as at 31 March 2022 and these financial statements may be obtained from Eagle Road Studios, Unit 2D Eagle Road, Moons Moat North Industrial Estate, Redditch, Worcestershire, B98 9HF.

## 2. Accounting policies (continued)

### 2.3 Going concern

The company has recorded a loss for the year of £1,156,939 (2021 - profit of £673,797) and at the balance sheet date has net liabilities of £211,345 (2021 - net assets of £945,594).

As detailed in the Business Review, COVID-19 pandemic lockdown restrictions benefited businesses supplying the home craft market. Post pandemic, sales remain strong as many Crafters continue with the hobbies undertaken in lockdown. However, the war in Ukraine, surging energy costs and high levels of inflation in the group's supply chain, had a significant impact on the group's cash flow and profitability. A review of the business model identified actions needed to secure the future of the business for the short and medium term.

Post year end the group has implemented a restructuring plan to further improve both the core competencies of the business, and operational efficiency. Key stakeholders continue to support the group and the directors are currently renegotiating the group's finance facilities on improved terms. Whilst negotiations are still ongoing, the directors are confident that terms will be agreed in due course.

The directors have prepared consolidated forecasts to 31 March 2025, making certain assumptions regarding prudent possible changes in trading performance, level of demand for the group's products and the efficiency measures being implemented. The forecasts demonstrate that the group can continue to trade within its finance facilities for a period of at least 12 months from the date of approval of the financial statements and therefore the directors have concluded that it is reasonable to continue to adopt the going concern basis in preparing the company's financial statements.

### 2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

#### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

### 2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.



**2. Accounting policies (continued)**

**2.7 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Negative goodwill is calculated as the amount by which the fair value of assets acquired exceeds the cost of investment and is being amortised in line with the use of the assets to which it relates.

Channel broadcasting rights are amortised over 20 years.

**2.8 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Fixtures, fittings and equipment - 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include attributable freight and duty costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

**2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2. Accounting policies (continued)**

**2.12 Creditors**

Short term creditors are measured at the transaction price.

**2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans from group undertakings.

**2.15 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.16 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.17 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2. Accounting policies (continued)**

**2.18 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

**Depreciation**

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

**Stock impairment**

Management is required to exercise significant judgement in estimating the slow-moving stock impairment, which takes into account the ageing of stock, its likelihood of being sold and its likely scrap value.

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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Craft retail	<u>20,089,104</u>	<u>19,223,513</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	19,707,475	19,187,013
Rest of Europe	251,049	6,041
Rest of the world	130,580	30,459
	<u>20,089,104</u>	<u>19,223,513</u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**5. Other operating income**

	2022 £	2021 £
Government grants receivable	-	96,929
Sundry income	10,000	-
	<u>10,000</u>	<u>96,929</u>

The Company has been eligible to claim from the government support schemes in response to the COVID-19 outbreak. The Company furloughed certain staff under the government's Coronavirus Job Retention Scheme (CJRS). The funding received of £Nil (2021 - £96,929) relates to claims made in respect of the year.

Sundry income of £10,000 (2021 - £Nil) relates to a bank incentive fee received in the year.

**6. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	54,036	4,850
Amortisation intangible assets	(78,344)	(1,553,096)
Exchange differences	23,474	33,731
Operating lease rentals - Land and buildings	93,333	140,000
Operating lease rentals - Other	1,369,620	4,145,080
Defined contribution pension cost	<u>106,245</u>	<u>107,783</u>

**7. Auditors' remuneration**

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated financial statements of the parent Company.

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	5,807,042	5,669,095
Social security costs	356,125	307,426
Cost of defined contribution scheme	106,245	107,783
	<u>6,269,412</u>	<u>6,084,304</u>

The average monthly number of employees, including directors, during the year was 130 (2021 - 109).

**9. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	-	40,553
Company contributions to defined contribution pension schemes	-	1,568
	<u>-</u>	<u>42,121</u>

During the year retirement benefits were accruing to no directors (2021 - 1) in respect of defined contribution pension schemes.

**10. Interest receivable**

	2022 £	2021 £
Other interest receivable	<u>14</u>	<u>-</u>

**11. Interest payable and similar expenses**

	2022 £	2021 £
Other interest payable	<u>343</u>	<u>-</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2022**

**12. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	144,949
Adjustments in respect of previous periods	-	(1,710)
<b>Total current tax</b>	<u>-</u>	<u>143,239</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,000)	15,000
Changes to tax rates	6,000	-
<b>Total deferred tax</b>	<u>1,000</u>	<u>15,000</u>
<b>Taxation on (loss)/profit</b>	<u>1,000</u>	<u>158,239</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit before tax	(1,155,939)	832,036
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(219,628)	158,087
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	430	582
Adjustments to tax charge in respect of prior periods	-	(1,710)
Other differences leading to a decrease in the tax charge	(2,989)	-
Group relief surrendered	217,818	-
Movement in deferred tax not recognised	536	1,280
Remeasurement of deferred tax for changes in tax rates	4,833	-
<b>Total tax charge for the period</b>	<u>1,000</u>	<u>158,239</u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**
**12. Taxation (continued)****Factors that may affect future tax charges**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements.

**13. Intangible assets**

	Channel broadcasting rights £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 April 2021	-	(2,812,439)	(2,812,439)
Additions	225,000	-	225,000
At 31 March 2022	225,000	(2,812,439)	(2,587,439)
At 1 April 2021	-	(2,669,573)	(2,669,573)
Charge for the year on owned assets	-	(78,344)	(78,344)
At 31 March 2022	-	(2,747,917)	(2,747,917)
<b>Net book value</b>			
At 31 March 2022	225,000	(64,522)	160,478
At 31 March 2021	-	(142,866)	(142,866)



**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**14. Tangible fixed assets**

	Fixtures, fittings and equipment £
<b>Cost or valuation</b>	
At 1 April 2021	141,200
Additions	30,903
At 31 March 2022	<u>172,103</u>
<b>Depreciation</b>	
At 1 April 2021	28,475
Charge for the year on owned assets	54,036
At 31 March 2022	<u>82,511</u>
<b>Net book value</b>	
At 31 March 2022	<u><u>89,592</u></u>
At 31 March 2021	<u><u>112,725</u></u>

**15. Stocks**

	2022 £	2021 £
Finished goods and goods for resale	<u><u>4,394,965</u></u>	<u><u>5,456,872</u></u>

**16. Debtors**

	2022 £	2021 £
Trade debtors	521,241	363,826
Other debtors	80,962	97,260
Prepayments and accrued income	606,761	341,333
	<u><u>1,208,964</u></u>	<u><u>802,419</u></u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**17. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	<u>467,678</u>	<u>237,203</u>

**18. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	2,369,603	1,607,265
Amounts owed to group undertakings	3,604,261	3,026,511
Corporation tax	226	149,883
Other taxation and social security	375,266	565,540
Other creditors	18,727	50,502
Accruals and deferred income	144,939	102,058
	<u>6,513,022</u>	<u>5,501,759</u>

**19. Deferred taxation**

	2022 £
At beginning of year	19,000
Charged to profit or loss	1,000
<b>At end of year</b>	<u><b>20,000</b></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	22,000	21,000
Short term timing differences	(2,000)	(2,000)
	<u>20,000</u>	<u>19,000</u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2022**

**20. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
100 (2021 - 100) Ordinary shares of £1.00 each	<b>100</b>	<b>100</b>

**21. Reserves****Profit and loss account**

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £106,245 (2021: £107,873). Contributions totalling £17,984 (2021 - £17,277) were payable to the fund at the balance sheet date and are included in creditors.

**23. Commitments under operating leases**

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
<b>Land and buildings</b>		
Not later than 1 year	40,000	93,333
Later than 1 year and not later than 5 years	-	40,000
	<b>40,000</b>	<b>133,333</b>
<b>Other</b>		
Not later than 1 year	3,033,863	1,369,620
Later than 1 year and not later than 5 years	1,896,974	148,906
	<b>4,930,837</b>	<b>1,518,526</b>

**24. Related party transactions**

In accordance with Financial Reporting Standard 102, transactions entered into between two or more members of the group headed by Gemporia Partnership Limited do not need to be disclosed where any subsidiary which is a party to the transaction is wholly owned. These transactions are included in the consolidated financial statements of Gemporia Partnership Limited which are obtainable from Eagle Road Studios, Unit 2D Eagle Road, Moons Moat North Industrial Estate, Redditch, Worcestershire, B98 9HF.

During the year, the Company paid rent of £40,000 (2021 - £60,000) to a director.

**25. Controlling party**

Following a group restructure in December 2022, the immediate parent undertaking is Gemporia Holdings Limited. The ultimate parent undertaking is Gemporia Partnership Limited.

The directors regard TGGC Employee Ownership Trust as the ultimate controlling party. TGGC EOT Ltd, a company incorporated in England and Wales and holding shares in Gemporia Partnership Limited, has been incorporated as a corporate trustee acting on behalf of the beneficiaries of the Trust.

Gemporia Partnership Limited is the parent company of the largest and smallest group of which the company is a member and for which consolidated financial statements are drawn up. Copies of the consolidated financial statements are available from Eagle Road Studios, Unit 2D Eagle Road, Moons Moat North Industrial Estate, Redditch, Worcestershire, B98 9HF.