

Company Registration No. SC242849 (Scotland)

M8 GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2021

M8 GROUP LIMITED

COMPANY INFORMATION

Directors	Mr R S Torrens Mr O Jimoh-Akindele
Company number	SC242849
Registered office	5 Kingsthome Park Houstoun Industrial Estate Livingston West Lothian United Kingdom EH54 5DB
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

M8 GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 34

M8 GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2021

The directors present the strategic report for the year ended 29 September 2021.

Fair review of the business

The results show an operating profit for the year as measured by EBITDA (Earnings before interest, tax, depreciation and amortisation) from ordinary activities of £1,112k (2020: £375k).

Profit before tax for the group was £824k on a turnover of £15.2m compared to £14k in 2020 (excluding Profit from Disposal).

The group concluded its rationalisation strategy at the start of the year and with a clear focus on key sectors has seen revenue growth ahead of expectations, which has been driven by the growth in pet ownership in the UK as well as the change in customer shopping habits caused by Covid-19. Additionally, there has been a humanisation and premiumisation of the pet sector. The company was able to flex its resources to meet the additional operational demands.

At the end of the year the group held net assets of £1,014k (2020: 286k).

Outlook

Whilst there remains risk due to the global supply chain shortages and the continued knock-on effects of the coronavirus pandemic, we are confident that the company will continue to trade profitably and cash generatively moving forward.

Principal risks and uncertainties

As for many businesses of our size, the business environment in which the group operates continues to be challenging. The key risks to the business centre around:

- Liquidity and cash flow
- IT system integrity
- Competition
- Product sourcing and availability
- Foreign exchange movements

The directors have also considered the knock on impact of brexit which continues to impact business through supply chain risks.

The directors regularly consider the principal risks and uncertainties of the business and continue to focus on the mitigation of these risks in order to develop the business.

Financial instruments

Objectives

Our financial risk management objectives are to ensure sufficient working capital and cash flow for the Group and to ensure there is sufficient support for the Group's turnaround and growth strategy. This is achieved through careful management of our cash resources, supported by shareholder loan finance. No material treasury transactions or derivatives are entered into.

Risks

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

The group has minimal borrowings and as such is subject to minimal interest rate risk. The group's principal foreign currency exposures arise from the purchase of goods from overseas companies.

Research and development

The Group continues to invest in research and development and is implementing improvements to both its backend and customer-facing IT systems.

M8 GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

On behalf of the board

Mr R S Torrens

Director

9 December 2021

M8 GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 29 September 2021.

Principal activities

The principal activity of the company and group continued to be that of retail activities.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mr R S Torrens
Mr O Jimoh-Akindede

Auditor

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group'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 financial instruments and associated risks.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr R S Torrens
Director

9 December 2021

M8 GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 29 SEPTEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

M8 GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M8 GROUP LIMITED

Opinion

We have audited the financial statements of M8 Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 September 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 September 2021 and of the group's 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

M8 GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF M8 GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities 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.

M8 GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF M8 GROUP LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Brown (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

9 December 2021

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

M8 GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	15,201,264	15,719,876
Cost of sales		(10,649,626)	(11,014,303)
Gross profit		4,551,638	4,705,573
Distribution costs		(1,443,185)	(1,736,434)
Administrative expenses		(2,253,611)	(2,876,430)
Operating profit	4	854,842	92,709
Interest payable and similar expenses	8	(31,168)	(78,964)
Profit/(loss) on disposal of operations		-	600,216
Profit before taxation		823,674	613,961
Tax on profit	9	(95,560)	680
Profit for the financial year		728,114	614,641

Profit for the financial year is all attributable to the owners of the parent company.

M8 GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 SEPTEMBER 2021

	2021	2020
	£	£
Profit for the year	728,114	614,641
Other comprehensive income	-	-
Total comprehensive income for the year	<u>728,114</u>	<u>614,641</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

M8 GROUP LIMITED

GROUP BALANCE SHEET

AS AT 29 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	11		34,053		116,939
Other intangible assets	11		139,936		285,556
Total intangible assets			173,989		402,495
Tangible assets	12		93,763		88,600
			267,752		491,095
Current assets					
Stocks	15	1,440,864		965,503	
Debtors	17	259,378		294,640	
Cash at bank and in hand		1,127,072		453,544	
			2,827,314		1,713,687
Creditors: amounts falling due within one year	18	(1,909,260)		(1,703,418)	
Net current assets			918,054		10,269
Total assets less current liabilities			1,185,806		501,364
Creditors: amounts falling due after more than one year	19		(4,159)		(53,000)
Provisions for liabilities					
Provisions	22	160,403		160,403	
Deferred tax liability	23	7,485		2,316	
			(167,888)		(162,719)
Net assets			1,013,759		285,645
Capital and reserves					
Called up share capital	25		1,133,574		1,133,574
Share premium account			1,441,027		1,441,027
Profit and loss reserves			(1,560,842)		(2,288,956)
Total equity			1,013,759		285,645

The financial statements were approved by the board of directors and authorised for issue on 9 December 2021 and are signed on its behalf by:

Mr R S Torrens
Director

M8 GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 29 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	139,936		285,556	
Tangible assets	12	42,354		54,143	
Investments	13	9,900		9,900	
			192,190		349,599
Current assets					
Debtors	17	24,150		19,724	
Cash at bank and in hand		6,052		-	
			30,202		19,724
Creditors: amounts falling due within one year	18	(2,349,712)		(2,693,432)	
Net current liabilities			(2,319,510)		(2,673,708)
Total assets less current liabilities			(2,127,320)		(2,324,109)
Creditors: amounts falling due after more than one year	19		(4,159)		(6,932)
Net liabilities			(2,131,479)		(2,331,041)
Capital and reserves					
Called up share capital	25	1,133,574		1,133,574	
Share premium account		1,441,027		1,441,027	
Profit and loss reserves		(4,706,080)		(4,905,642)	
Total equity			(2,131,479)		(2,331,041)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £199,562 (2020 - £2,438 profit).

The financial statements were approved by the board of directors and authorised for issue on 9 December 2021 and are signed on its behalf by:

Mr R S Torrens
Director

Company Registration No. SC242849

M8 GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 SEPTEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 30 September 2019	1,133,574	1,494,751	(2,903,597)	(275,272)
Year ended 29 September 2020:				
Profit and total comprehensive income for the year	-	-	614,641	614,641
Other movements	-	(53,724)	-	(53,724)
Balance at 29 September 2020	1,133,574	1,441,027	(2,288,956)	285,645
Year ended 29 September 2021:				
Profit and total comprehensive income for the year	-	-	728,114	728,114
Balance at 29 September 2021	1,133,574	1,441,027	(1,560,842)	1,013,759

M8 GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 SEPTEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 30 September 2019	1,133,574	1,441,027	(4,908,080)	(2,333,479)
Year ended 29 September 2020:				
Profit and total comprehensive income for the year	-	-	2,438	2,438
Balance at 29 September 2020	1,133,574	1,441,027	(4,905,642)	(2,331,041)
Year ended 29 September 2021:				
Profit and total comprehensive income for the year	-	-	199,562	199,562
Balance at 29 September 2021	1,133,574	1,441,027	(4,706,080)	(2,131,479)

M8 GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	29	998,794		680,716	
Interest paid		(31,168)		(78,964)	
Net cash inflow from operating activities		<u>967,626</u>		<u>601,752</u>	
Investing activities					
Purchase of business		-	(27,229)		
Purchase of intangible assets		-	(139,486)		
Purchase of tangible fixed assets		(33,149)	(13,162)		
Net cash used in investing activities			<u>(33,149)</u>		<u>(179,877)</u>
Financing activities					
Proceeds from borrowings		-	50,000		
Repayment of borrowings		(200,000)	(750,000)		
Repayment of bank loans		(50,000)	17,586		
Payment of finance leases obligations		(2,773)	(2,773)		
Net cash used in financing activities			<u>(252,773)</u>		<u>(685,187)</u>
Net increase/(decrease) in cash and cash equivalents			<u>681,704</u>		<u>(263,312)</u>
Cash and cash equivalents at beginning of year			<u>445,368</u>		<u>708,680</u>
Cash and cash equivalents at end of year			<u><u>1,127,072</u></u>		<u><u>445,368</u></u>
Relating to:					
Cash at bank and in hand			1,127,072		453,544
Bank overdrafts included in creditors payable within one year			-		(8,176)

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

Company information

M8 Group Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 5 Kingsthorne Park, Houstoun Industrial Estate, Livingston, West Lothian, United Kingdom, EH54 5DB.

The group consists of M8 Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company M8 Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 29 September 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 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.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets - goodwill

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

	Date of acquisition	Estimated useful life
M8 Group Ltd	2007	5 years
Greenfingers Trading Ltd	2002	5 years
Petplanet.co.uk Ltd	2003	20 years

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

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software & development costs	over 3 years
------------------------------	--------------

1.9 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:

Plant and equipment	25% straight line on cost
---------------------	---------------------------

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

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

1.11 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

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.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.13 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.

1.14 Financial instruments

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

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

Financial assets and liabilities are offset and 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.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

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 group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Derecognition of financial liabilities

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

1.15 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.16 Taxation

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

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

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 group'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 if, and only if, there is 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.

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 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.

1.19 Retirement benefits

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

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.20 Leases

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

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

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

1.21 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.

1.22 Research and development

The directors consider that development costs should be capitalised and not written off to expenses as incurred where the recognition criteria for capitalisation are met. The directors believe that this provides more relevant information in respect of the Group's activities to its stakeholders.

The Group expenses all research costs as incurred. Expenditure on software or website development is capitalised if the project is technically and commercially feasible, the Group has the sufficient resources and the intention to complete the project and where this leads to the creation of an asset that will deliver benefits to the Group at least equivalent to the amount capitalised.

The development expenditure capitalised includes the cost of materials and direct labour. Overheads are written off to the profit and loss account as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised development expenditure is charged to the profit and loss account on a straight-line basis over the 3 years.

Expenditure to maintain or operate websites or software once these have been developed are expensed as incurred.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Capitalisation of development costs

Judgement is required to be exercised over whether expenditure on software or website development meets capitalisation criteria.

Costs are capitalised if management consider that the project is technically and commercially feasible, the Group has the sufficient resources and the intention to complete the project and where this leads to the creation of an asset that will deliver benefits to the Group at least equivalent to the amount capitalised.

Expenditure which doesn't meet the criteria is expensed as incurred.

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.

Dilapidation Provision

This provision is in relation to the estimated cost of dilapidations on the company's premises lease.

The provision is recognised in the financial statements at the net present value of the estimated future expenditure required to settle the company's obligations. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Online retail	15,201,264	15,719,876

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	(94)
Research and development costs	325	-
Depreciation of owned tangible fixed assets	27,986	32,149
(Profit)/loss on disposal of tangible fixed assets	-	82
Amortisation of intangible assets	228,506	249,785
Operating lease charges	103,983	247,388
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	18,700	18,700
	<u> </u>	<u> </u>

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Warehouse	19	26	-	8
Administration	19	25	7	17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	38	51	7	25
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,010,982	1,122,599	322,378	503,124
Social security costs	87,096	94,881	32,043	55,952
Pension costs	30,262	38,069	9,269	22,196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,128,340	1,255,549	363,690	581,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

6 Employees

(Continued)

During the year, no wages and salaries were capitalised to Intangible assets as Development costs (2020 - £139,486).

In prior years, staff were employed by the company with staff costs recharged to the its subsidiaries. During the current year, relevant staff were transferred over to the company's subsidiary under TUPE.

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	190,000	146,250
Company pension contributions to defined contribution schemes	5,400	5,850
	<u>195,400</u>	<u>152,100</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	31,168	78,673
Other interest on financial liabilities	-	216
Other interest	-	75
	<u>31,168</u>	<u>78,964</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	90,391	-
	<u>90,391</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	5,169	(680)
	<u>5,169</u>	<u>(680)</u>
Total tax charge/(credit)	<u>95,560</u>	<u>(680)</u>

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	823,674	613,961
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	156,498	116,653
Tax effect of expenses that are not deductible in determining taxable profit	110	39,543
Gains not taxable	-	(114,041)
Tax effect of utilisation of tax losses not previously recognised	(77,406)	(43,965)
Adjustments in respect of prior years	-	353
Permanent capital allowances in excess of depreciation	14,628	9,521
Adjust deferred tax to average rate	1,798	-
Deferred tax not recognised	(68)	(8,744)
Taxation charge/(credit)	95,560	(680)

The Group has an unrecognised deferred tax asset of £22,977 (2020 - £94,868) in respect of carried forward tax losses and other timing differences. No asset has been recognised in line with FRS 102 accounting considerations.

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Fixed asset investments	13	-	100
Recognised in:			
Amounts written off investments		-	100

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

11 Intangible fixed assets

Group	Goodwill	Software & development costs	Total
	£	£	£
Cost			
At 30 September 2020 and 29 September 2021	1,014,095	1,335,662	2,349,757
Amortisation and impairment			
At 30 September 2020	897,156	1,050,106	1,947,262
Amortisation charged for the year	82,886	145,620	228,506
At 29 September 2021	980,042	1,195,726	2,175,768
Carrying amount			
At 29 September 2021	34,053	139,936	173,989
At 29 September 2020	116,939	285,556	402,495
Company	Goodwill	Software & development costs	Total
	£	£	£
Cost			
At 30 September 2020 and 29 September 2021	11,750	1,335,662	1,347,412
Amortisation and impairment			
At 30 September 2020	11,750	1,050,106	1,061,856
Amortisation charged for the year	-	145,620	145,620
At 29 September 2021	11,750	1,195,726	1,207,476
Carrying amount			
At 29 September 2021	-	139,936	139,936
At 29 September 2020	-	285,556	285,556

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

12 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 30 September 2020	651,048
Additions	33,149
	<hr/>
At 29 September 2021	684,197
	<hr/>
Depreciation and impairment	
At 30 September 2020	562,448
Depreciation charged in the year	27,986
	<hr/>
At 29 September 2021	590,434
	<hr/>
Carrying amount	
At 29 September 2021	93,763
	<hr/> <hr/>
At 29 September 2020	88,600
	<hr/> <hr/>
Company	
	Plant and equipment £
Cost	
At 30 September 2020	305,074
Disposals	(7,665)
	<hr/>
At 29 September 2021	297,409
	<hr/>
Depreciation and impairment	
At 30 September 2020	250,931
Depreciation charged in the year	6,731
Eliminated in respect of disposals	(2,607)
	<hr/>
At 29 September 2021	255,055
	<hr/>
Carrying amount	
At 29 September 2021	42,354
	<hr/> <hr/>
At 29 September 2020	54,143
	<hr/> <hr/>

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

12 Tangible fixed assets

(Continued)

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	6,932	10,398	6,932	10,398

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	9,900	9,900

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 30 September 2020 and 29 September 2021	9,900
Carrying amount	
At 29 September 2021	9,900
At 29 September 2020	9,900

14 Subsidiaries

Details of the company's subsidiaries at 29 September 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Ecological Trading Limited	See below	Dormant	Ordinary	100.00
Petplanet.co.uk Limited	See below	Retail	Ordinary	100.00

The registered office of all of the above listed subsidiaries is 5 Kingsthorpe Park, Houstoun Industrial Estate, Livingston, West Lothian, EH54 5DB

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	1,440,864	965,503	-	-

16 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	226,610	251,040	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	1,677,542	1,579,234	n/a	n/a

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	152,444	115,049	-	-
Other debtors	74,483	135,991	-	-
Prepayments and accrued income	32,451	43,600	24,150	19,724
	259,378	294,640	24,150	19,724

18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	-	12,108	-	8,176
Obligations under finance leases	21	2,773	2,773	2,773	2,773
Other borrowings	20	200,000	400,000	200,000	400,000
Trade creditors		1,183,422	811,697	71,233	86,456
Amounts owed to group undertakings		-	-	1,817,398	2,149,222
Corporation tax payable		90,391	-	-	-
Other taxation and social security		145,486	177,184	134,475	12,252
Other creditors		10,103	13,836	2,025	5,515
Accruals and deferred income		277,085	285,820	121,808	29,038
		1,909,260	1,703,418	2,349,712	2,693,432

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	-	46,068	-	-
Obligations under finance leases	21	4,159	6,932	4,159	6,932
		<u>4,159</u>	<u>53,000</u>	<u>4,159</u>	<u>6,932</u>

20 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	-	50,000	-	-
Bank overdrafts	-	8,176	-	8,176
Other loans	200,000	400,000	200,000	400,000
	<u>200,000</u>	<u>458,176</u>	<u>200,000</u>	<u>408,176</u>
Payable within one year	200,000	412,108	200,000	408,176
Payable after one year	-	46,068	-	-

In the prior year, bank loans were represented by the lending facility obtained under the Bounce Back Loan Scheme. Such loans were subject to fixed interest at 2.5% and a final repayment date six years after draw down. The loan was 100% guaranteed by the UK Government. This loan was fully repaid to the lender during the year.

Other loans comprises amounts introduced by certain shareholders of the company in the form of debt. These balances have implicit interest rates of 7.5% and are payable by the company on demand. The loan is secured by a floating charge and cross guarantee between the borrowers and Petplanet.co.uk Ltd.

21 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	6,932	2,773	6,932	2,773
In two to five years	-	6,932	-	6,932
	<u>6,932</u>	<u>9,705</u>	<u>6,932</u>	<u>9,705</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

22 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Dilapidations provision		160,403	160,403	-	-
Deferred tax liabilities	23	7,485	2,316	-	-
		<u>167,888</u>	<u>162,719</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidations provision £
At 30 September 2020 and 29 September 2021	<u>160,403</u>

The group has provided for £160,403 in respect of the estimated dilapidations cost on premises occupied by a group entity.

23 Deferred taxation

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

Group	Liabilities 2021 £	Liabilities 2020 £
Deferred tax	<u>7,485</u>	<u>2,316</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2021 £	Company 2021 £
Liability at 30 September 2020	2,316	-
Charge to profit or loss	<u>5,169</u>	<u>-</u>
Liability at 29 September 2021	<u>7,485</u>	<u>-</u>

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

24 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	30,262	38,069

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 10p each	11,335,746	11,335,746	1,133,574	1,133,574

The ordinary shares have one vote per share and are entitled to dividends. Ordinary shares have entitlement to any capital distribution following payment to the holders of preference shares. Ordinary shares are not redeemable.

26 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	130,000	105,417	-	-
Between two and five years	520,000	-	-	-
In over five years	638,427	-	-	-
	1,288,427	105,417	-	-

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

27 Related party transactions

Transactions with related parties

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year interest amounting to £15,000 was charged to the profit and loss account (2020 - £37,832) in relation to shareholder loans with J B McFarlane. The amount outstanding on the loan at 30 September 2021 was £100,000 (2020 - £200,000).

During the year, interest amounting to £15,000 (2020 - £37,832) was charged to the profit and loss account in relation to loans with Jane Duncan, spouse of a company shareholder. The amount outstanding on the loan at 30 September 2021 was £100,000 (2020 - £200,000).

28 Controlling party

The group is under the joint control of Mr R S Torrens and Mr O Jimoh-Akindele.

29 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	728,114	614,641
Adjustments for:		
Taxation charged/(credited)	95,560	(680)
Finance costs	31,168	78,964
Gain on disposal of business	-	(600,216)
Amortisation and impairment of intangible assets	228,506	249,785
Depreciation and impairment of tangible fixed assets	27,986	32,149
Decrease in provisions	-	(135,810)
Movements in working capital:		
(Increase)/decrease in stocks	(475,361)	1,002,708
Decrease in debtors	35,262	11,181
Increase/(decrease) in creditors	327,559	(572,006)
Cash generated from operations	998,794	680,716

M8 GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2021

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

	30 September 2020 £	Cash flows £	29 September 2021 £
Cash at bank and in hand	453,544	673,528	1,127,072
Bank overdrafts	(8,176)	8,176	-
	<u>445,368</u>	<u>681,704</u>	<u>1,127,072</u>
Borrowings excluding overdrafts	(450,000)	250,000	(200,000)
Obligations under finance leases	(9,705)	2,773	(6,932)
	<u>(14,337)</u>	<u>934,477</u>	<u>920,140</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.