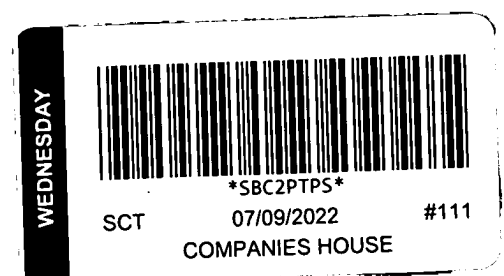


W & J KNOX LIMITED  
FINANCIAL STATEMENTS  
31 DECEMBER 2021

**ArmstrongWatson<sup>®</sup>**

Accountants, Business & Financial Advisers



**W & J KNOX LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	David Hutchens Finlay Mackenzie Oman David Orr Sloan Hans-Petter Selstad (appointed 27 February 2021) Petter Oksholen (appointed 27 February 2021) James Borrows (resigned 27 February 2021) James Roger Dehany (resigned 27 February 2021) Julie Caldwell Macdonald (resigned 27 February 2021) James Traynor (resigned 27 February 2021)
<b>Company secretary</b>	David Orr Sloan
<b>Registered number</b>	SC272146
<b>Registered office</b>	Mill Road Kilbirnie Ayrshire KA25 7DZ
<b>Independent auditors</b>	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors 1st Floor 24 Blythswood Square Glasgow G2 4BG
<b>Bankers</b>	Clydesdale Bank 30 St Vincent Place Glasgow G1 2HL
<b>Solicitors</b>	MacRoberts LLP Capella 60 York Street Glasgow G2 8JX

**W & J KNOX LIMITED**

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## W & J KNOX LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

#### Introduction

The directors present their strategic report of the company for the year ended 31 December 2021.

#### Business review

The Company's principal activities are the service, manufacture and design of fish farm cage nets, and sports and camouflage netting.

Selstad Holdings A.S., based in Norway, acquired a controlling interest in Macrocom (1030) Limited, W&J Knox's parent company, and its subsidiaries in February 2021 and is now the ultimate holding company of the revised group.

There have been no changes in the Company's activities in the year under review. The Company's strategy is to ensure the long term future of the business. It pursues that strategy through the objectives of profitable operations and prudent management.

Turnover in 2021 increased by 12.6% (2020-34.4%) on the previous year, and the operating margin for the group was 10.7% in 2021 (2020- 10.9%). The trading profit reported by the company for 2021 is the highest in any year since it commenced business in 2004.

We are confident of a very good level of profitability in 2022. The group remains debt free.

There have been no events since the balance sheet date which materially affect the position of the Company.

#### Principal risks and uncertainties

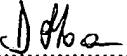
The market for the Company's products and services is competitive, and the Company seeks to maintain and where possible improve market share by the provision of added value services to customers, improving response times and the handling of customer enquiries, and by maintaining strong relationships with key customers and suppliers. Where appropriate, the Company seeks to minimise exposure to certain future risks of cost increases.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, and by monitoring customers' payment patterns. The Company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

#### Financial key performance indicators

The financial key performance indicators are turnover and operating margin, as referred to in the business review above, and net margin, as evident from the statement of comprehensive income on page 8 of these financial statements.

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

  
.....  
**D Sloan**  
Director

Date: 14th March 2022

## **W & J KNOX LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 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 judgments 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,919,467 (2020 - £1,623,700).

Dividends were declared and paid during the year totalling £1,903,399 (2020 - £nil).

#### **Directors**

The Directors who served during the year were:

David Hutchens  
Finlay Mackenzie Oman  
David Orr Sloan  
Hans-Petter Selstad (appointed 27 February 2021)  
Petter Oksholen (appointed 27 February 2021)  
James Borrows (resigned 27 February 2021)  
James Roger Dehany (resigned 27 February 2021)  
Julie Caldwell Macdonald (resigned 27 February 2021)  
James Traynor (resigned 27 February 2021)

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the Company's profitability and growth in recent years.

**W & J KNOX LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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.

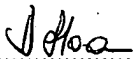
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
**D Sloan**  
Director

Date: 14th March 2022

## **W & J KNOX LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF W & J KNOX LIMITED**

#### **Opinion**

We have audited the financial statements of W & J Knox Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

## **W & J KNOX LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF W & J KNOX LIMITED (CONTINUED)**

#### **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 2, 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.



## **W & J KNOX LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF W & J KNOX LIMITED (CONTINUED)**

#### **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.

#### **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, 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 engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the Company 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 review of appropriate industry knowledge. Key laws and regulations we identified during the audit were the UK Companies Act 2006 and tax legislation, UK employment legislation and UK health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above by making enquiries of management 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 as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias.
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

## W & J KNOX LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF W & J KNOX LIMITED (CONTINUED)

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 and
- enquiring of management to identify actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

#### 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 Auditors' 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.

*Martin Johnston*

Martin Johnston (Senior Statutory Auditor)  
for and on behalf of  
**Armstrong Watson Audit Limited**  
Chartered Accountants & Statutory Auditors  
1st Floor  
24 Blythswood Square  
Glasgow  
G2 4BG  
Date: 15th March 2022

**W & J KNOX LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	17,138,500	15,221,936
Cost of sales		<b>(14,154,559)</b>	(12,249,745)
<b>Gross profit</b>		<b>2,983,941</b>	2,972,191
Administrative expenses		<b>(1,245,067)</b>	(1,420,405)
Other operating income	5	<b>95,500</b>	119,622
<b>Operating profit</b>	6	<b>1,834,374</b>	1,671,408
Interest receivable and payable	10	<b>169</b>	18
<b>Profit before tax</b>		<b>1,834,543</b>	1,671,426
Tax on profit	11	<b>84,924</b>	(47,726)
<b>Profit for the financial year</b>		<b>1,919,467</b>	1,623,700

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

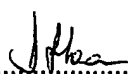
The notes on pages 11 to 25 form part of these financial statements.

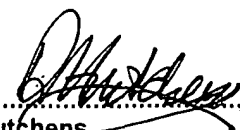
**W & J KNOX LIMITED**  
**REGISTERED NUMBER: SC272146**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	1,501,869	1,569,162
Investments	14	2	2
		<u>1,501,871</u>	<u>1,569,164</u>
<b>Current assets</b>			
Stocks	15	759,683	484,952
Debtors: amounts falling due within one year	16	1,879,186	3,164,337
Cash at bank and in hand	17	1,596,430	3,459,618
		<u>4,235,299</u>	<u>7,108,907</u>
Creditors: amounts falling due within one year	18	(1,524,484)	(4,528,991)
<b>Net current assets</b>		<u>2,710,815</u>	<u>2,579,916</u>
<b>Total assets less current liabilities</b>		<u>4,212,686</u>	<u>4,149,080</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(163,138)	(115,600)
		<u>(163,138)</u>	<u>(115,600)</u>
<b>Net assets</b>		<u><u>4,049,548</u></u>	<u><u>4,033,480</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	110,102	110,102
Share premium account	22	29,953	29,953
Profit and loss account	22	3,909,493	3,893,425
		<u><u>4,049,548</u></u>	<u><u>4,033,480</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**D Sloan**  
Director

  
.....  
**D Hutchens**  
Director

Date: 14th March 2022

The notes on pages 11 to 25 form part of these financial statements.

**W & J KNOX LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	<b>110,102</b>	<b>29,953</b>	<b>2,269,725</b>	<b>2,409,780</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	<b>1,623,700</b>	<b>1,623,700</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,623,700</b>	<b>1,623,700</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 1 January 2021</b>	<b>110,102</b>	<b>29,953</b>	<b>3,893,425</b>	<b>4,033,480</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	<b>1,919,467</b>	<b>1,919,467</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,919,467</b>	<b>1,919,467</b>
Dividends: Equity capital	-	-	<b>(1,903,399)</b>	<b>(1,903,399)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>110,102</b>	<b>29,953</b>	<b>3,909,493</b>	<b>4,049,548</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 25 form part of these financial statements.

## **W & J KNOX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. General information**

W & J Knox Limited is a private company limited by shares, registered in Scotland. The Company's registered office address is 1 Mill Road, Kilbirnie, Ayrshire, Scotland, KA25 7DZ. The Company's registered number is SC272146.

The principal activity of the Company for the year under review was the sale, service, manufacture, and design of fish farm cage nets, sports, and camouflage netting.

The financial statements have been prepared in pounds sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which the Company operates.

#### **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 judgment in applying the Company's accounting policies (see note 3).

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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Selstad Holdings AS as at 31 December 2021 and these financial statements may be obtained from Øyna 39, 6700 Måløy.

## **W & J KNOX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.3 Going Concern**

In preparing these financial statements, the directors of the company have given careful consideration to current and anticipated future solvency requirements of the company and its ability to continue as a going concern for the foreseeable future. The Directors have prepared the financial statements on a going concern basis, notwithstanding the COVID-19 virus. The Directors have prepared cash flow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downturns, the company will have sufficient funds, through its operating cash flows and cash reserves to meet its liabilities as they fall due for that period.

In determining whether the going concern basis of preparation of the financial statements is appropriate the Directors have considered the following:

- That the Company's business was not materially affected by the Covid-19 pandemic and was able to continue trading strongly in the year and choose to make minimal use of the available government support in this period,
- That the Company has no external debt,
- The Company's available cash reserves, which at the time of signing are £1m.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

##### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

###### **Sale of goods**

Revenue 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 revenue 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.

###### **Sale of goods under bill and hold arrangements**

Revenue from the sale of goods sold under bill and hold arrangements are recognised when the following conditions are satisfied;

- It is probable that delivery will be made;
- The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- The buyer specifically acknowledges the deferred delivery instructions; &
- The usual payment terms apply.

## **W & J KNOX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.5 Operating leases: the Company as lessor**

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

##### **2.6 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.

##### **2.7 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.

##### **2.8 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.9 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 reporting 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 Statement of Financial Position 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 reporting date.



## W & J KNOX LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.10 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:

Freehold property	-	2% on cost
Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Assets under construction	-	n/a

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.

No depreciation is charged on assets under construction.

##### 2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.12 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 profit or loss.

##### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.14 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **W & J KNOX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.16 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

##### **2.17 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, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

##### **2.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

##### **Classification of property, plant and equipment**

Within property, plant and equipment exists property with mixed use. Management have used judgement in determining that the property is classified as property, plant and equipment on the basis of the following:

The portions of the building could not be sold separately and the portion held for use in the production or supply of goods or services and administration purposes is not an insignificant proportion.

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Turnover**

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

	2021 £	2020 £
Turnover	17,138,500	15,221,936
	<u>17,138,500</u>	<u>15,221,936</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	17,066,388	15,110,298
Rest of the world	72,112	111,638
	<u>17,138,500</u>	<u>15,221,936</u>

**5. Other operating income**

	2021 £	2020 £
Net rents receivable	95,500	98,167
Profit on disposal of tangible assets	-	21,455
	<u>95,500</u>	<u>119,622</u>

**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Hire of plant and machinery	116,798	67,693
Other operating lease rentals	26,231	26,974
Depreciation - owned assets	148,750	119,039

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,000</u>	<u>12,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	2,500	2,500
All other services	3,575	4,500
	<u>6,075</u>	<u>7,000</u>

**8. Employees**

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

	2021 £	2020 £
Wages and salaries	1,754,282	1,955,575
Social security costs	149,217	175,854
Cost of defined contribution scheme	85,064	62,664
	<u>1,988,563</u>	<u>2,194,093</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Average number of employees	<u>65</u>	<u>69</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	294,152	385,629
Company contributions to defined contribution pension schemes	9,074	19,698
	<u>303,226</u>	<u>405,327</u>

The highest paid Director received remuneration of £85,779 (2020 - £111,818).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £2,700 (2020 - £2,700).

**10. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	(169)	(18)
	<u>(169)</u>	<u>(18)</u>

**11. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	354,705	-
Adjustments in respect of previous periods	(487,167)	(10,498)
	<u>(132,462)</u>	<u>(10,498)</u>
<b>Total current tax</b>	<u>(132,462)</u>	<u>(10,498)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	47,538	58,224
<b>Total deferred tax</b>	<u>47,538</u>	<u>58,224</u>
<b>Taxation on profit on ordinary activities</b>	<u>(84,924)</u>	<u>47,726</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,834,543</u>	<u>1,671,426</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>348,563</b>	317,571
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,269	15,522
Capital allowances for year in excess of depreciation	(8,662)	(70,861)
Over provision in respect of prior periods	(487,167)	(10,497)
Other timing difference leading to an increase in taxation	5,715	-
Non-taxable income	-	(4,076)
Adjustment in research and development tax credit leading to an (decrease) in the tax charge	3,211	(19,950)
Changes in provisions leading to an increase (decrease) in the tax charge	47,538	58,224
Tax deduction arising from exercise of employee options	-	(355,815)
Unrelieved tax losses	(14,391)	117,608
<b>Total tax charge for the year</b>	<u><b>(84,924)</b></u>	<u>47,726</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Dividends**

	2021 £	2020 £
Ordinary shares, shares of 10 pence each	<u>1,903,399</u>	-
	<u><b>1,903,399</b></u>	<u>-</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	997,440	1,118,838	214,234	403,373	2,733,885
Additions	-	-	-	81,456	81,456
Transfers between classes	-	484,829	-	(484,829)	-
At 31 December 2021	<u>997,440</u>	<u>1,603,667</u>	<u>214,234</u>	<u>-</u>	<u>2,815,341</u>
<b>Depreciation</b>					
At 1 January 2021	185,005	806,999	172,718	-	1,164,722
Charge for the year on owned assets	11,480	127,018	10,252	-	148,750
At 31 December 2021	<u>196,485</u>	<u>934,017</u>	<u>182,970</u>	<u>-</u>	<u>1,313,472</u>
<b>Net book value</b>					
At 31 December 2021	<u>800,955</u>	<u>669,650</u>	<u>31,264</u>	<u>-</u>	<u>1,501,869</u>
At 31 December 2020	<u>812,435</u>	<u>311,838</u>	<u>41,516</u>	<u>403,373</u>	<u>1,569,162</u>

At 31 December 2021, there was £423,440 (2020 - £423,440) of freehold land included within freehold property which was not depreciated.

Clydesdale Bank PLC hold a floating charge over all the property or undertakings of the company in respect of deferred consideration owed on acquisition by the group parent company Selstad Holdings AS. This charge contains a negative pledge.

**14. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2021	2
At 31 December 2021	<u>2</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Fixed asset investments (continued)**

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
East & West Mills Limited	Mill Road, Kilbirnie, Ayrshire, KA25 7DZ	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>
East & West Mills Limited	2

**15. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Work in progress	92,816	101,605
Finished goods and goods for resale	666,867	383,347
	<u>759,683</u>	<u>484,952</u>



**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**16. Debtors**

	2021 £	2020 £
Trade debtors	1,409,102	3,113,652
Amounts owed by group undertakings	3,901	901
Other taxes and social security costs	190,870	-
Prepayments and accrued income	275,313	49,784
	<u>1,879,186</u>	<u>3,164,337</u>

**17. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	1,596,430	3,459,618
	<u>1,596,430</u>	<u>3,459,618</u>

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

	2021 £	2020 £
Trade creditors	170,253	264,928
Amounts owed to group undertakings	4,556	-
Other taxation and social security	97,168	457,743
Other creditors	51,035	49,183
Accruals and deferred income	1,201,472	3,757,137
	<u>1,524,484</u>	<u>4,528,991</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Financial instruments**

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	1,596,430	3,459,618
Financial assets that are debt instruments measured at amortised cost	1,471,411	3,114,554
	<u>3,067,841</u>	<u>6,574,172</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,413,821)</u>	<u>(3,911,287)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank.

Financial assets that are debt instruments are measured at amortised cost comprise of trade debtors, sundry debtors, and accrued income.

Financial liabilities that are measured at amortised cost comprise of bank loans, trade creditors, other creditors and accruals.

**20. Deferred taxation**

	2021 £
At beginning of year	(115,600)
Charged to profit or loss	(47,538)
<b>At end of year</b>	<u>(163,138)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(163,138)	(115,600)
	<u>(163,138)</u>	<u>(115,600)</u>

**21. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1,101,020 (2020 - 1,101,020) Ordinary shares of £0.10 each	<u>110,102</u>	<u>110,102</u>

**W & J KNOX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. Share capital (continued)**

**22. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

**Profit and loss account**

The profit and loss account comprises of accumulated profits and losses of the company.

**23. Capital commitments**

At 31 December 2021 the Company had capital commitments as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<b>143,942</b>	30,698
	<b>143,942</b>	30,698

**24. Pension commitments**

The Company operates a defined contributions pension scheme. The scheme assets 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 £85,064 (2020 - £29,693). Contributions totalling £4,187 (2020 - £2,255) were payable to the fund at the reporting date and are included in creditors.

# W & J KNOX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Commitments due as a lessee		
Not later than 1 year	58,207	54,838
Later than 1 year and not later than 5 years	102,473	115,934
Later than 5 years	13,200	13,200
	<u>173,880</u>	<u>183,972</u>
Commitments due as a lessor		
Not later than 1 year	94,250	94,250
	<u>94,250</u>	<u>94,250</u>

### 26. Other financial commitments

At the balance sheet date a floating charge was active over the company's assets. This charge relates to security against deferred consideration owed on the acquisition of the majority of the immediate parent company's ordinary share capital during the year ended 31/12/2021. This charge is expected to be satisfied during the year ended 31/12/2027.

### 27. Related party transactions

During the period, the company paid a director and shareholder of the parent company fees of £11,490 (2020: £16,229) for financial advice.

The company has taken advantage of the exemption under the terms of FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the group.

### 28. Controlling party

The Company is a wholly owned subsidiary of Macrocom (1030) Limited which is incorporated in Scotland. The ultimate parent company is Selstad Holdings AS which is incorporated in Norway. At the balance sheet date the ultimate controlling party was Hans-Petter Selstad.

The largest and smallest group in which the company are consolidated are that headed by Selstad Holdings AS. Copies of the financial statements can be obtained from Øyna 39, 6700 Måløy.