

Company Registration No. SC547789 (Scotland)

**BELLA & DUKE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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# BELLA & DUKE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	T E Ottley M A Scott M T Scully A C Stewart W Dobbie G A Clarke P C Farquhar S Pather (Appointed 1 December 2022)
<b>Secretary</b>	Thorntons Law LLP
<b>Company number</b>	SC547789
<b>Registered office</b>	Citypoint 3rd Floor 65 Haymarket Terrace Edinburgh United Kingdom EH12 5HD
<b>Auditor</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

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# **BELLA & DUKE LIMITED**

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# **BELLA & DUKE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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The Directors present the Strategic Report for Bella and Duke Limited ("the Company") for the period from 1 April 2022 to 31 March 2023 ("2023").

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company were the manufacture of dog and cat food, sold and distributed directly to consumers.

#### **BUSINESS REVIEW AND DEVELOPMENT**

2023 was another year of good progress for the Company. The main features were:

- Turnover increased to £22.9m, up 19.1% from 2022's £19.3m, driven both by the successful recruitment of new customers and strong retention of existing ones;
- Gross profit margin increased slightly to 46.6%, from 44.3% in 2022, primarily as a result of significant 2022 capex in the manufacturing and fulfilment facilities, driving ongoing operational improvements in 2023.
- Operating loss improved to £0.4m, from a loss of £2.6m in 2022, due to growth in turnover and gross margin, alongside administrative expenses increasing at a slower rate than turnover as we scale (Administrative expenses are 48.2% of Turnover in 2023, compared to 56.9% in 2022). Operating loss as % of Turnover improved to -2.0% in 2023 (2022: -13.5%).
- Note that we achieved an EBITDA profit in 2023 (Earnings before Interest, Depreciation and Amortisation).
- Headcount increased from 119 in 2022 to 129 in 2023 to support the growth in the business.

The Company's future strategy remains focussed on delivering high quality species appropriate products. The company continues to invest in our manufacturing and fulfilment capabilities with equipment, research, strong supplier collaborations and personnel to support our strategy.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **FOOD SAFETY**

We maintain the highest standards in food safety and have fully documented production and food safety controls. The Company has recently been awarded "Rawsafe" accreditation – the highest standard available in our sector.

##### **HEALTH AND SAFETY**

All manufacturing and fulfilment employees undergo regular and comprehensive health and safety training modules, including a thorough induction programme. We have an internal Health and Safety Committee, who meet quarterly to assess H&S performance and future initiatives, with representation from all areas of the business. We have monthly visits to all our facilities from an external third party H&S specialist, who also provides us with a detailed annual audit.

##### **FINANCE AND CURRENCY RISKS**

Payment is taken from customers prior to product dispatch, so credit risk is negligible.

We operate only in GB, and our suppliers are overwhelmingly UK based, thus removing risks associated with currency fluctuations.

##### **SYSTEMS FAILURE**

The Company undertakes all its trading through its own bespoke digital platform. We mitigate this risk by maintaining robust IT controls and defences, by using well known, established third party service providers and through the implementation of redundancy and backups across multiple sites and services including all state-dependent services.

# **BELLA & DUKE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

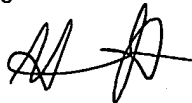
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### **KEY PERFORMANCE INDICATORS**

Financial KPIs and comparatives are listed in the Business Review and Development section above. The Company uses a wide variety of KPIs to monitor and measure performance. These are cascaded to all employees, as appropriate, and are usually reviewed on a daily or weekly basis. The leadership team and Board review the main ones on at least a monthly basis.

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during the year.

Signed on behalf of the Board



M A Scott  
**Director**

28 June 2023

# BELLA & DUKE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### Principal activities

The principal activity of the company continued to be that of a leading on-line pet food subscription business.

#### 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 final dividend.

#### Directors

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

T E Ottley

M A Scott

M T Scully

A C Stewart

W Dobbie

M Mead

(Resigned 1 December 2022)

G A Clarke

P C Farquhar

S Pather

(Appointed 1 December 2022)

#### Future developments

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


#### Auditor

The auditor, Johnston Carmichael LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



M A Scott

Director

28 June 2023

# **BELLA & DUKE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors are responsible for preparing the strategic report, 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 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 company and the profit or loss of the company 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;
- 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 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.

# **BELLA & DUKE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BELLA & DUKE LIMITED**

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#### **Opinion**

We have audited the financial statements of Bella & Duke Limited ('the company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **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.



# **BELLA & DUKE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BELLA & DUKE LIMITED**

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

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

### **Auditor 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### *Extent to which the audit is 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.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- UK Tax legislation;
- UK Generally Accepted Accounting Practice; and
- VAT legislation.

# **BELLA & DUKE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BELLA & DUKE LIMITED**

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We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management 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 judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

#### **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.

*Johnston Carmichael LLP*

**Barry Masson (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

30 June 2023

**Chartered Accountants**  
**Statutory Auditor**

7-11 Melville Street  
Edinburgh  
EH3 7PE

# BELLA & DUKE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	22,944,915	19,270,557
Cost of sales		(12,251,971)	(10,727,218)
<b>Gross profit</b>		10,692,944	8,543,339
Distribution costs		(186,579)	(372,706)
Administrative expenses		(11,066,181)	(10,958,205)
Other operating income		110,104	188,041
<b>Operating loss</b>	4	(449,712)	(2,599,531)
Interest receivable and similar income	7	2,519	596
Interest payable and similar expenses	8	(174,845)	(164,189)
<b>Loss before taxation</b>		(622,038)	(2,763,124)
Tax on loss	9	45,899	32,766
<b>Loss for the financial year</b>		(576,139)	(2,730,358)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

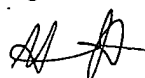
# BELLA & DUKE LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Intangible assets	10	1,196,447		506,942	
Tangible assets	11	3,906,177		4,281,876	
		<u>5,102,624</u>		<u>4,788,818</u>	
<b>Current assets</b>					
Stocks	12	906,439		912,123	
Debtors	13	501,672		442,921	
Cash at bank and in hand		1,778,008		1,952,213	
		<u>3,186,119</u>		<u>3,307,257</u>	
<b>Creditors: amounts falling due within one year</b>	14	(4,131,275)		(3,026,883)	
<b>Net current (liabilities)/assets</b>			(945,156)		280,374
<b>Total assets less current liabilities</b>			<u>4,157,468</u>		<u>5,069,192</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(1,479,951)		(1,824,183)	
<b>Provisions for liabilities</b>					
Provisions	18	247,000		247,000	
		<u>(247,000)</u>		<u>(247,000)</u>	
<b>Net assets</b>			<u>2,430,517</u>		<u>2,998,009</u>
<b>Capital and reserves</b>					
Called up share capital	22	34,810		34,810	
Share premium account	23	9,366,941		9,358,294	
Profit and loss reserves	23	(6,971,234)		(6,395,095)	
<b>Total equity</b>			<u>2,430,517</u>		<u>2,998,009</u>

The financial statements were approved by the board of directors and authorised for issue on 28 June 2023 and are signed on its behalf by:



M A Scott  
Director

Company Registration No. SC547789

# BELLA & DUKE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2021</b>		30,919	4,658,074	(3,664,737)	1,024,256
<b>Year ended 31 March 2022:</b>					
Loss and total comprehensive income for the year		-	-	(2,730,358)	(2,730,358)
Issue of share capital	22	5,447	4,700,220	-	4,705,667
Other movements		(1,556)	-	-	(1,556)
<b>Balance at 31 March 2022</b>		34,810	9,358,294	(6,395,095)	2,998,009
<b>Year ended 31 March 2023:</b>					
Loss and total comprehensive income for the year		-	-	(576,139)	(576,139)
Issue of share capital	22	-	8,647	-	8,647
<b>Balance at 31 March 2023</b>		34,810	9,366,941	(6,971,234)	2,430,517

# BELLA & DUKE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	27	1,557,333		(904,154)	
Interest paid		(174,845)		(164,189)	
Income taxes refunded/(paid)		36,460		-	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,418,948</b>		<b>(1,068,343)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(893,094)		(393,830)	
Purchase of tangible fixed assets		(235,086)		(2,868,041)	
Proceeds on disposal of tangible fixed assets		11,333		107,814	
Receipts arising from loans made		-		102	
Interest received		2,519		596	
<b>Net cash used in investing activities</b>		<b>(1,114,328)</b>		<b>(3,153,359)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		8,647		4,704,111	
Proceeds from borrowings		-		750,000	
Repayment of borrowings		(178,640)		(255,696)	
Payment of finance leases obligations		(308,832)		(285,057)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(478,825)</b>		<b>4,913,358</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(174,205)</b>		<b>691,656</b>	
Cash and cash equivalents at beginning of year		1,952,213		1,260,557	
<b>Cash and cash equivalents at end of year</b>		<b>1,778,008</b>		<b>1,952,213</b>	

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Company information

Bella & Duke Limited is a private company limited by shares incorporated in Scotland. The registered office is Citypoint, 3rd Floor, 65 Haymarket Terrace, Edinburgh, United Kingdom, EH12 5HD.

#### 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.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. At the balance sheet date the company has net current liabilities of £945k (2022: net current assets of £280k). However despite this the directors are satisfied there is adequate cash resources to meet their obligations as they fall due for a period of at least 12 months from the approval of the accounts.

In making this assessment, the directors have considered forecast trading and cash flows beyond the next 12 months.

These forecasts support the ability of the company to meet its obligations as they fall due and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover relates to the on-line sale of pet food and related products and is recognised when the significant risks and rewards of ownership 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.

Turnover is stated net of VAT and other sales related taxes.

#### 1.4 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.

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

Software development	20% straight line
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#### 1.5 Tangible fixed assets

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

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

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

Leasehold improvements	10% reducing balance or 10% straight line
Plant and equipment	20-25% reducing balance or 10-20% straight line
Fixtures and fittings	33% reducing balance
Computers	33% reducing balance or 33% straight line

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

#### 1.6 Impairment of fixed assets

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

#### 1.7 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.

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 the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

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

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

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

#### **Basic financial assets**

Basic financial assets, which include certain 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. Financial assets classified as receivable within one year are not amortised.



# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets 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 the statement of comprehensive income.

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 the statement of comprehensive income.

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including certain creditors and other loans, are initially recognised at transaction price. 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 company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

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

### 1.11 Taxation

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

#### **Current tax**

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

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

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

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

##### **1.12 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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.

##### **1.13 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.

##### **1.14 Retirement benefits**

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

##### **1.15 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of the grant by reference to the fair value of the equity instruments granted. Fair value assessment takes into account the likelihood of events linked to the ability to exercise options under the arrangements occurring. Where material, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### 1.16 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 the statement of comprehensive income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### 1.18 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 the statement of comprehensive income.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### 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.

##### **Capitalisation of development costs - additions in the year of £893K (2022 - £394K)**

Software development costs are capitalised as an intangible asset. These costs primarily consist of labour and subcontractor costs. The directors are required to exercise judgement to determine if the criteria to recognise these costs as development costs under FRS 102 are met. Judgement must also be applied in calculating the amount of time members of staff spend on software development.

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sale of goods	22,944,915	19,270,557
	2023 £	2022 £
Other significant revenue		
Interest income	2,519	596
Grants received	110,104	188,041

Turnover of the company is wholly attributable within the UK.

#### 4 Operating loss

	2023 £	2022 £
Operating loss 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	1,339	1,679
Government grants	(110,104)	(188,041)
Fees payable to the company's auditor for the audit of the company's financial statements	18,750	14,500
Depreciation of owned tangible fixed assets	382,972	237,701
Depreciation of tangible fixed assets held under finance leases	321,312	244,481
Profit on disposal of tangible fixed assets	(4,237)	(2,400)
Amortisation of intangible assets	203,589	93,221
Operating lease charges	247,272	222,751

#### 5 Employees

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

	2023 Number	2022 Number
Total	129	119

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,801,456	2,371,972
Social security costs	388,828	294,720
Pension costs	71,989	52,786
	4,262,273	2,719,478

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	429,718	403,434
Company pension contributions to defined contribution schemes	413	632
	<u>430,131</u>	<u>404,066</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 2).

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

	2023 £	2022 £
Remuneration for qualifying services	<u>152,400</u>	<u>142,000</u>

#### 7 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on bank deposits	<u>2,519</u>	<u>596</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>2,519</u>	<u>596</u>
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#### 8 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	<u>174,845</u>	<u>164,189</u>

#### 9 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>(45,899)</u>	<u>(32,766)</u>

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 9 Taxation

(Continued)

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

	2023 £	2022 £
Loss before taxation	(622,038)	(2,763,124)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(118,187)	(524,994)
Change in unrecognised deferred tax assets	116,544	546,373
Adjustments in respect of prior years	(45,899)	(32,766)
Other tax adjustments, reliefs and transfers	1,643	(21,379)
Taxation credit for the year	(45,899)	(32,766)

A change in the future UK Corporation tax rate to 25% with effect from 1 April 2023 was announced in the March 2021 budget and substantively enacted on 24 May 2021. As the 25% tax rate was substantively enacted prior to the reporting date, deferred tax has been calculated at 25% as opposed to the current tax rate of 19%.

At 31 March 2023 the company had estimated tax losses of £7.4m (2022: £5.8m) available for offset against future trading profits.

#### 10 Intangible fixed assets

	Software development £
<b>Cost</b>	
At 1 April 2022	623,319
Additions	893,094
At 31 March 2023	1,516,413
<b>Amortisation and impairment</b>	
At 1 April 2022	116,377
Amortisation charged for the year	203,589
At 31 March 2023	319,966
<b>Carrying amount</b>	
At 31 March 2023	1,196,447
At 31 March 2022	506,942

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>					
At 1 April 2022	3,136,656	1,619,775	49,721	45,706	4,851,858
Additions	90,950	224,052	5,099	15,580	335,681
Disposals	-	(14,788)	(12,965)	(3,239)	(30,992)
At 31 March 2023	3,227,606	1,829,039	41,855	58,047	5,156,547
<b>Depreciation and impairment</b>					
At 1 April 2022	123,279	416,920	16,958	12,825	569,982
Depreciation charged in the year	322,099	358,364	11,260	12,561	704,284
Eliminated in respect of disposals	-	(8,924)	(12,680)	(2,292)	(23,896)
At 31 March 2023	445,378	766,360	15,538	23,094	1,250,370
<b>Carrying amount</b>					
At 31 March 2023	2,782,228	1,062,679	26,317	34,953	3,906,177
At 31 March 2022	3,013,377	1,202,855	32,763	32,881	4,281,876

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

	2023 £	2022 £
Plant and equipment	697,070	855,215
Fixtures and fittings	11,805	17,619
Leasehold improvements	428,128	457,403
	<u>1,137,003</u>	<u>1,330,237</u>

#### 12 Stocks

	2023 £	2022 £
Raw materials and consumables	<u>906,439</u>	<u>912,123</u>

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 13 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	14,812	42,200
Corporation tax recoverable	45,899	36,460
Other debtors	125,290	39,494
Prepayments and accrued income	265,271	274,367
	<u>451,272</u>	<u>392,521</u>
<b>Amounts falling due after more than one year:</b>		
	£	£
Leasehold deposits	<u>50,400</u>	<u>50,400</u>
<b>Total debtors</b>	<u>501,672</u>	<u>442,921</u>

Included in other debtors is £44,257 (2022: £38,570) of grant income approved but not yet received at the year end.

### 14 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Obligations under finance leases	17	308,158	267,824
Other borrowings	16	178,931	178,640
Trade creditors		2,548,125	1,702,363
Taxation and social security		445,983	254,362
Deferred income	19	125,570	95,625
Other creditors		117,735	63,378
Accruals and deferred income		406,773	464,691
		<u>4,131,275</u>	<u>3,026,883</u>

Obligations under finance leases are secured over the assets concerned.



# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 15 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	17	765,119	1,013,690
Other borrowings	16	401,771	580,702
Deferred income	19	313,061	229,791
		<u>1,479,951</u>	<u>1,824,183</u>

Obligations under finance leases are secured over the assets concerned.

#### 16 Loans and overdrafts

	2023 £	2022 £
Other loans	<u>580,702</u>	<u>759,342</u>
Payable within one year	178,931	178,640
Payable after one year	<u>401,771</u>	<u>580,702</u>

Other loans stated above are unsecured.

Other loans includes two loans from an external third party amounting to £55,621 and £525,081, due for repayment on 30 September 2025 and 30 June 2026. These loans bear interest at rates of 9.70% and 9.47% respectively.

#### 17 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	308,158	267,824
In two to five years	765,119	1,013,690
	<u>1,073,277</u>	<u>1,281,514</u>

Finance lease payments represent rentals payable by the company 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.

#### 18 Provisions for liabilities

	2023 £	2022 £
Provision for dilapidation	<u>247,000</u>	<u>247,000</u>

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 18 Provisions for liabilities

(Continued)

Movements on provisions:

Provision for  
dilapidation  
£

At 1 April 2022 and 31 March 2023

247,000

### 19 Deferred income

2023  
£

2022  
£

Arising from government grants

313,061

325,416

Other deferred income

125,570

-

438,631

325,416

Deferred income is included in the financial statements as follows:

Current liabilities

125,570

95,625

Non-current liabilities

313,061

229,791

438,631

325,416

### 20 Retirement benefit schemes

2023  
£

2022  
£

#### Defined contribution schemes

Charge to profit or loss in respect of defined contribution schemes

71,989

52,786

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

### 21 Share-based payment transactions

At 31 March 2023, the company operated an EMI Share Option scheme for the benefit of certain employees. Options granted under the scheme have a contractual life of 10 years and are only exercisable on certain exit events.

Details of options outstanding and granted during the period are as follows:

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 21 Share-based payment transactions

(Continued)

	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 April	67,930	44,215	0.94	0.97
Granted	28,285	23,715	0.90	0.90
Forfeited	(11,500)	-	0.90	-
Outstanding at 31 March	<u>84,715</u>	<u>67,930</u>	<u>0.94</u>	<u>0.94</u>
Exercisable at 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2023 had an exercise price ranging from £0.90 to £2.26, and a remaining contractual life of between 6.4 and 9.3 years.

### 22 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	2,156,984	2,156,984	21,570	21,570
AA Ordinary shares of 1p each	544,726	544,726	5,447	5,447
B Ordinary shares of 1p each	779,321	779,321	7,793	7,793
Hurdle shares of 1p each	2	2	-	-
Z Ordinary shares of 1p each	1	1	-	-
	<u>3,481,034</u>	<u>3,481,034</u>	<u>34,810</u>	<u>34,810</u>

#### Rights associated with share classes

The Ordinary shares, AA Ordinary shares and B Ordinary shares have attached the right to vote at any general meeting, a pro-rata right to participate in dividends and the right to participate in a winding up or return of capital.

The Hurdle shares and Z Ordinary shares have no voting rights attached, no right to participate in dividends however do have the right to participate in a winding up or return of capital.

### 23 Reserves

#### Share premium

Share premium represents amounts received in excess of par value following the issue of share capital.

#### Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income or expenditure for the year and prior periods less dividends paid.

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 24 Operating lease commitments

#### Lessee

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

	2023 £	2022 £
Within one year	272,272	252,897
Between two and five years	1,089,088	1,089,088
In over five years	805,841	1,078,113
	<u>2,167,201</u>	<u>2,420,098</u>

### 25 Related party transactions

#### Remuneration of key management personnel

The key management personnel and directors are determined to be the same. Due to the directors remuneration being disclosed it is not deemed necessarily to separately disclose key management personnel remuneration.

#### Transactions with related parties

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

	Purchases of goods and services	
	2023 £	2022 £
Other related parties	<u>567,882</u>	<u>33,485</u>

The following amounts were outstanding at the reporting end date:

	2023 £	2022 £
Amounts due to related parties		
Other related parties	<u>59,313</u>	<u>14,124</u>

### 26 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.

# BELLA & DUKE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 27 Cash generated from/(absorbed by) operations

	2023 £	2022 £
Loss for the year after tax	(576,139)	(2,730,358)
<b>Adjustments for:</b>		
Taxation credited	(45,899)	(32,766)
Finance costs	174,845	164,189
Investment income	(2,519)	(596)
Gain on disposal of tangible fixed assets	(4,237)	(2,400)
Amortisation and impairment of intangible assets	203,589	93,221
Depreciation and impairment of tangible fixed assets	704,284	482,182
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	5,684	(357,260)
(Increase)/decrease in debtors	(49,312)	137,024
Increase in creditors	1,147,037	1,342,610
<b>Cash generated from/(absorbed by) operations</b>	<b>1,557,333</b>	<b>(904,154)</b>

#### 28 Analysis of changes in net funds/(debt)

	1 April 2022 £	Cash flows £	New finance leases £	31 March 2023 £
Cash at bank and in hand	1,952,213	(174,205)	-	1,778,008
Borrowings excluding overdrafts	(759,342)	178,640	-	(580,702)
Obligations under finance leases	(1,281,514)	308,832	(100,595)	(1,073,277)
	<u>(88,643)</u>	<u>313,267</u>	<u>(100,595)</u>	<u>124,029</u>