Company Registration No. 03083607 (England and Wales)

NARANG WHOLESALERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NARANG WHOLESALERS LIMITED

COMPANY INFORMATION

Directors	Mr J Kalsi Mr J Narang Ms Sarah Mainwaring
Secretary	Mr J Kalsi
Company number	03083607
Registered office	Narang House 121 City Road Bradford BD8 8JR
Auditors	Henton & Co LLP Northgate 118 North Street Leeds West Yorkshire LS2 7PN
Bankers	HSBC Bank plc PO Box 105 33 Park Row Leeds West Yorkshire LS1 1LD

NARANG WHOLESALERS LIMITED

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NARANG WHOLESALERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2020.

Fair review of the business

The principal activity of the company continued to be the wholesale of textiles, electrical and plumbing, and beers, wines, spirits and other beverages.

The year began as anticipated with profits being generated in line with predictions. However, the Coronavirus pandemic has had a significant impact on trading during the remainder of the 2020 year, seeing turnover limited by approximately 40% as a result of government restrictions on our customer base.

Support through the Job Retention Scheme enabled the business to retain skills and respond quickly as hospitality took advantage of the "Eat Out to Help Out" boost during the summer months.

The bathroom division also saw an increase in demand, both through trade and retail sales with the government emphasis on the construction industry and the boom in house sales triggered by the stamp duty holiday.

The textiles division has retained a steady trade throughout, adapting products to match the need for scrubs, masks and uniforms for the NHS and care sector.

Trading during quarter three helped to stabilise the company however the November 2020 national lockdown, followed by Tier restrictions during December further impacted both the Alcohol division and the Bathroom retail sales. Traditionally, the business generates profits during the final quarter of the year and this was severely limited by the restrictions.

Development of on-line trading platforms and flexibility of the workforce have enabled the business to respond rapidly and take best advantage of any trading opportunities throughout the year.

Diversity within the trading activities help the company to minimise effects COVID with more trade being derived from the lower volume / higher margin divisions.

Following the lifting of restrictions between April and July 2021, trade has rapidly responded and is providing a strong and steady path of growth. Profits are being generated and it is anticipated that pre-COVID trading levels should be reached during the 2022 year.

Principal risks and uncertainties

The diverse trading activities enable the company to minimise effects of changes in market conditions on any one division. The effect of COVID is predominately on the Alcohol division. Additional trading by the other higher margin divisions combined with management minimising costs and taking advantage of all available support ensures continued profitability and a strong base on which to grow.

Key performance indicators

The directors monitor progress on the overall company strategy by reference to certain KPI's.

Performance during the year, against that for a comparative period is set out below:

	2020	2019	2018
Gross Profit Margin	13.9%	11.3%	12.9%
Net Profit Margin	1.4%	1.7%	1.6%

The directors are pleased with the continued performance of these metrics.

On behalf of the board

Mr J Narang
Director

30 September 2021

NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the company continued to be wholesalers of textiles, electrical and plumbing goods and beers, wines, spirits and other beverages.

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

Mr M Y Hussain (Resigned 28 February 2021)
Mr J Kalsi
Mr J Narang
Ms Sarah Mainwaring

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £80,000. The directors do not recommend payment of a further dividend.

Auditor
The auditors. Henton & Co 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

Mr J Narang
Director
30 September 2021

NARANG WHOLESALERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing 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 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 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

Opinion

We have audited the financial statements of Narang Wholesalers Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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 and the directors' report.

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

- adequate accounting records have not been kept, 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's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Nadeem Ahmed (Senior Statutory Auditor)
For and on behalf of Hentons

30 September 2021

Chartered Accountants
Statutory Auditor

Northgate
118 North Street
Leeds
West Yorkshire
LS2 7PN

NARANG WHOLESALERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	11,852,358	19,367,763
Cost of sales		(10,210,677)	(17,172,839)
Gross profit		1,641,681	2,194,924
Administrative expenses		(1,984,091)	(1,990,325)
Other operating income		503,901	129,182
Operating profit	4	161,491	333,781
Interest receivable and similar income	6	5,868	-
Interest payable and similar expenses	7	(6,742)	(1,352)
Profit before taxation		160,617	332,429
Taxation	8	34,092	(61,400)
Profit for the financial year		194,709	271,029
Total comprehensive income for the year		194,709	271,029

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NARANG WHOLESALERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	**10**		144,000		162,000
Other intangible assets	**10**		-		2,000
Total intangible assets			144,000		164,000
Tangible assets	**11**		421,056		439,004
Investment properties	**12**		709,500		929,500
			1,274,556		1,532,504
Current assets					
Stocks	**13**	5,774,151		5,761,290	
Debtors	**14**	2,764,278		3,150,463	
Cash at bank and in hand		91,433		358,599	
		8,629,862		9,270,352	
Creditors: amounts falling due within one year	**15**	(2,516,182)		(4,860,440)	
Net current assets			6,113,680		4,409,912
Total assets less current liabilities			7,388,236		5,942,416
Creditors: amounts falling due after more than one year	**16**		(1,507,775)		(184,220)
Provisions for liabilities			(34,998)		(27,442)
Net assets			5,845,463		5,730,754
Capital and reserves					
Called up share capital	**21**		2		2
Revaluation reserve			453,391		579,891
Profit and loss reserves			5,392,070		5,150,861
Total equity			5,845,463		5,730,754

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

Mr J Narang
Director

Company Registration No. 03083607

NARANG WHOLESALERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2019		2	579,891	4,959,832	5,539,725
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	271,029	271,029
Dividends	9	-	-	(80,000)	(80,000)
Balance at 31 December 2019		2	579,891	5,150,861	5,730,754
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	194,709	194,709
Dividends	9	-	-	(80,000)	(80,000)
Transfers		-	-	126,500	126,500
Other movements		-	(126,500)	-	(126,500)
Balance at 31 December 2020		2	453,391	5,392,070	5,845,463

1 Accounting policies

Company information

Narang Wholesalers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Narang House, 121 City Road, Bradford, BD8 8JR.

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 a mounts in these financial statements are rounded to the nearest £.

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

The company has applied the disclosure exemptions available within FRS 102 as a result of it being a subsidiary of Narang Group Limited, a company which has prepared consolidated accounts to 31 December 2017. As a result, these financial statements do not include a statement of cash flows or certain disclosures relating to classification of financial instruments.

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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As with all businesses there is uncertainty with COVID. Use of the furlough scheme and working closely with the bank have mitigated short term liquidity risk and covenant headroom. Increased performance in higher margin areas of the business mitigate profit loss by reduced turnover in those of lower margin. Continued good relationships with customers and suppliers ensure both confidence in customers to purchase from the business and continuation of support from suppliers and brand owners.

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

1.3 Turnover

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

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

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which has been assessed as 20 years.

1 Accounting policies **(Continued)**

1.5 Intangible fixed assets other than goodwill

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

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

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

Design rights	5 years

1.6 Tangible fixed assets

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

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

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	2% straight line
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	15% and 20% reducing balance
Motor vehicles	20% reducing balance

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

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be ascertained without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Impairment of fixed assets

At each reporting 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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1 Accounting policies **(Continued)**

1.9 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 profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

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

1.11 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 statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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.

1 Accounting policies **(Continued)**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Other financial liabilities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are s ubsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Derecognition of financial liabilities

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

1.12 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 Taxation

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

Current tax

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

Deferred tax

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

1.14 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.

1.15 Retirement benefits

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

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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 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 profit or loss.

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 areas of judgement and estimation relate to provisions against stocks and doubtful debt, but the directors are satisfied that there is no significant risk of material misstatement arising.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Wholesale of wines, spirits and other beverages	9,794,441	16,780,964
Wholesale of electrical and plumbing supplies	1,750,783	1,852,545
Wholesale of textiles	307,134	734,254
	11,852,358	19,367,763

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other significant revenue		
Interest income	5,868	-
Grants received	376,838	-
Management fees received	100,000	100,000

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	11,852,358	19,367,763

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2020 £	2019 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(7,812)	10,338
Government grants	(376,838)	-
Fees payable to the company's auditor for the audit of the company's financial statements	18,700	49,495
Depreciation of owned tangible fixed assets	54,739	53,839
Loss on disposal of tangible fixed assets	2,785	8,351
Amortisation of intangible assets	20,000	20,000

5 Employees

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

	2020 Number	2019 Number
Management and administration	25	26
Warehouse	16	18
Drivers	12	14
Sales	13	16
Total	66	74

5 Employees (Continued)

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,162,486	1,298,154
Social security costs	58,913	77,561
Pension costs	16,561	19,025
	1,237,960	1,394,740

6 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Other interest income	5,868	-

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	109	2,256
Interest on finance leases and hire purchase contracts	5,529	(904)
Other interest	1,104	-
	6,742	1,352

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	39,818	61,400
Adjustments in respect of prior periods	(81,466)	-
Total current tax	(41,648)	61,400
Deferred tax		
Origination and reversal of timing differences	7,556	-
Total tax (credit)/charge	(34,092)	61,400

8 **Taxation** **(Continued)**

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

	2020	2019
	£	£
Profit before taxation	160,617	332,429
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	30,517	63,162
Tax effect of expenses that are not deductible in determining taxable profit	464	-
Adjustments in respect of prior years	(81,466)	-
Permanent capital allowances in excess of depreciation	1,948	(1,762)
Chargeable gain	6,889	-
Deferred tax movement	7,556	-
Taxation (credit)/charge for the year	(34,092)	61,400

9 **Dividends**

	2020	2019
	£	£
Final paid	80,000	80,000

10 **Intangible fixed assets**

	Goodwill	Design rights	Total
	£	£	£
Cost			
At 1 January 2020 and 31 December 2020	360,000	10,000	370,000
Amortisation and impairment			
At 1 January 2020	198,000	8,000	206,000
Amortisation charged for the year	18,000	2,000	20,000
At 31 December 2020	216,000	10,000	226,000
Carrying amount			
At 31 December 2020	144,000	-	144,000
At 31 December 2019	162,000	2,000	164,000

11 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2020	200,000	75,000	34,736	348,846	196,451	855,033
Additions	-	-	-	5,621	33,955	39,576
Disposals	-	-	-	(5,771)	(5,241)	(11,012)
At 31 December 2020	200,000	75,000	34,736	348,696	225,165	883,597
Depreciation and impairment						
At 1 January 2020	28,000	25,500	25,715	254,782	82,032	416,029
Depreciation charged in the year	4,000	3,000	1,805	16,688	29,246	54,739
Eliminated in respect of disposals	-	-	-	(5,132)	(3,095)	(8,227)
At 31 December 2020	32,000	28,500	27,520	266,338	108,183	462,541
Carrying amount						
At 31 December 2020	168,000	46,500	7,216	82,358	116,982	421,056
At 31 December 2019	172,000	49,500	9,021	94,064	114,419	439,004

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

	2020	2019
	£	£
Motor vehicles	96,468	87,643

12 Investment property

	2020
	£
Fair value	
At 1 January 2020	929,500
Disposals	(220,000)
At 31 December 2020	709,500

Investment property comprises properties held by the company for rental income purposes. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

13 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	5,774,151	5,761,290

14 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	676,190	1,664,258
Amounts owed by group undertakings	332,335	361,683
Other debtors	1,730,220	1,085,333
Prepayments and accrued income	25,533	39,189
	2,764,278	3,150,463

15 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	749,294	1,070,998
Obligations under finance leases	18	43,500	39,905
Trade creditors		816,773	3,001,185
Corporation tax		36,839	119,383
Other taxation and social security		200,206	185,878
Other creditors		487,142	295,746
Accruals and deferred income		182,428	147,345
		2,516,182	4,860,440

16 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	1,338,740	34,641
Obligations under finance leases	18	50,409	70,036
Other creditors		118,626	79,543
		1,507,775	184,220

17 Loans and overdrafts

	2020	2019
	£	£
Bank loans	1,561,936	34,641
Bank overdrafts	526,098	1,070,998
	2,088,034	1,105,639
Payable within one year	749,294	1,070,998
Payable after one year	1,338,740	34,641

The long-term loans are secured by fixed and floating charges over the undertaking and all property and assets of the company.

Finance lease assets are secured on the underlying assets.

18 Finance lease obligations

Future minimum lease payments due under finance leases:	2020 £	2019 £
Within one year	43,500	39,905
In two to five years	50,409	70,036
	93,909	109,941

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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2020 £	Liabilities 2019 £
Accelerated capital allowances	34,998	27,442

19 Deferred taxation **(Continued)**

Movements in the year:	**2020** **£**
Liability at 1 January 2020	27,442
Charge to profit or loss	7,556
Liability at 31 December 2020	34,998

20 Retirement benefit schemes

Defined contribution schemes	**2020** **£**	**2019** **£**
Charge to profit or loss in respect of defined contribution schemes	16,561	19,025

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 capital

Ordinary share capital	**2020** **£**	**2019** **£**
Issued and fully paid		
Ordinary shares of £1 each	2	2

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