Company registration number 03083607 (England and Wales)

NARANG WHOLESALERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 22

NARANG WHOLESALERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2021.

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 first quarter of 2021 remained significantly affected by the coronavirus pandemic. Government restrictions between January and April affected all divisions, with the alcohol division remaining significantly impacted until the full lifting of restrictions at the beginning of July 2021.

Grants, Coronavirus Loans and the Job Retention Scheme provided support to the business and enabled the retention of staff and the ability to respond quickly as restrictions were lifted between April and July.

Restrictions on travel resulted in many people investing in home improvements instead of holidays and this led to good demand in both trade and retail sales in the bathroom and plumbing division.

The textiles division also saw some increase with the return of events such as weddings and gatherings that had been limited during the period prior to July 2021. As such this enabled the division to return towards pre-pandemic trading levels despite the first quarter trading restrictions.

Trade in the alcohol division took longer to resume to pre-pandemic levels due to a number of factors. Firstly, there were significant supply chain shortages particularly in relation to CO2 and global brand producers not being able to supply sufficient product to meet demand. A shortage of driver availability, as a result of BREXIT and lucrative delivery contracts offered during the pandemic, for both ourselves and our suppliers, restricted ability to supply the market as rapidly as would normally be expected. In addition to this a few smaller customers cleared debts using the grant monies supplied by government and did not re-open after the restrictions were lifted causing some reduction in the size of the market.

All of the above factors slowed the rate of recovery in the alcohol division and it is anticipated that it will be the 2022 year when a more 'normal' turnover can be achieved.

A strong core business, supported by careful management of customer and supplier relationships during the coronavirus restrictions have enabled the business in all divisions to react quickly to market changes and return to regular, profitable trading.

Gross margin in the 2020 year was anomalous due to the change in the mix of trading during the main pandemic periods. Bathroom and textile divisions in 2020 formed a higher proportion of overall turnover as the alcohol division was most severely affected by the Government restrictions. In addition, the alcohol division carried out more on-line retail sales in 2020 as a proportion of the division's trade, which in turn carry a higher margin.

The 2021 year, although still affected by Government restrictions, particularly in the first quarter, has seen a return to a more pre-pandemic mix of trading and the gross margin reflects this being more in line with 2019 trading.

Development of on-line trading platforms begun during the coronavirus pandemic has continued and will be further developed during the 2022 trading year.

Following a difficult start the 2021 trading year strengthened and the directors confidently predict that continued careful management will achieve growth and increased profitability going forward.

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:

	2021	2020	2019
Gross Profit Margin	11.7%	13.9%	11.3%
Net Profit Margin	1.9%	1.4%	1.7%

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

On behalf of the board

Mr J Narang
Director

29 September 2022

NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the company continued to be wholesalers of textiles, electrical anc 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 8.

Ordinary dividends were paid amounting to £40,000. 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
29 September 2022

NARANG WHOLESALERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Reviewed the nature of the industry and sector, the control environment and business performance for the year.
- Identifying the laws and regulations the company operates within and enquiring with management if they are aware of any non compliance issues.
- Discussed how and where fraud may occur with all members of the audit engagement team.
- In line with all audits under ISAs (UK) we were required to perform tests to respond to the risk of management override. We tested the appropriateness of journal entries, evaluated the judgements made for accounting estimates to assess if any bias, and assessed the rationale behind any significant or unusual transactions.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

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

29 September 2022

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 2021

	Notes	2021 £	2020 £
Turnover	3	12,957,799	11,852,358
Cost of sales		(11,441,545)	(10,210,677)
Gross profit		1,516,254	1,641,681
Administrative expenses		(1,632,368)	(1,984,091)
Other operating income		305,886	503,901
Operating profit	4	189,772	161,491
Interest receivable and similar income	7	2,733	5,868
Interest payable and similar expenses	8	(20,163)	(6,742)
Change in fair value of financial assets	9	76,290	-
Profit before taxation		248,632	160,617
Taxation	10	657,113	34,092
Profit for the financial year		905,745	194,709
Total comprehensive income for the year		905,745	194,709

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 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	**12**		126,000		144,000
Tangible assets	**13**		381,183		421,056
Investment properties	**14**		1,881,255		709,500
			2,388,438		1,274,556
Current assets					
Stocks	**15**	5,546,005		5,774,151	
Debtors	**16**	3,899,602		2,764,278	
Cash at bank and in hand		909,661		91,433	
		10,355,268		8,629,862	
Creditors: amounts falling due within one year	**17**	(3,852,939)		(2,516,182)	
Net current assets			6,502,329		6,113,680
Total assets less current liabilities			8,890,767		7,388,236
Creditors: amounts falling due after more than one year	**18**		(2,111,168)		(1,507,775)
Provisions for liabilities			(68,391)		(34,998)
Net assets			6,711,208		5,845,463
Capital and reserves					
Called up share capital	**23**		2		2
Revaluation reserve			424,417		453,391
Profit and loss reserves			6,286,789		5,392,070
Total equity			6,711,208		5,845,463

The financial statements were approved by the board of directors and authorised for issue on 29 September 2022 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 2021

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2020		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	**11**	-	-	(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
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	905,745	905,745
Dividends	**11**	-	-	(40,000)	(40,000)
Transfers		-	-	28,974	28,974
Other movements		-	(28,974)	-	(28,974)
Balance at 31 December 2021		2	424,417	6,286,789	6,711,208

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 amounts 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 2021. 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.

Design rights	5 years

1 Accounting policies **(Continued)**

1.5 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.

1.6 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.

1.7 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).

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.

1.8 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.

1.9 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 Accounting policies **(Continued)**

1.10 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.

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 subsequently 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 Accounting policies **(Continued)**

1.11 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.

1.12 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.

1.13 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.

1.14 Retirement benefits

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

1.15 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.

1.16 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 Accounting policies **(Continued)**

1.17 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:

	2021	2020
	£	£
Turnover analysed by class of business		
Wholesale of wines, spirits and other beverages	10,761,403	9,794,441
Wholesale of electrical and plumbing supplies	1,796,428	1,750,783
Wholesale of textiles	399,968	307,134
	12,957,799	11,852,358

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	12,957,799	11,852,358

	2021	2020
	£	£
Other revenue		
Interest income	2,733	5,868
Grants received	-	376,838
Management fees received	200,000	100,000
Rent received	39,515	27,063
Other income	66,371	-

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2021 £	2020 £
Exchange losses/(gains)	820	(7,812)
Government grants	-	(376,838)
Fees payable to the company's auditor for the audit of the company's financial statements	25,000	18,700
Depreciation of owned tangible fixed assets	45,231	54,739
(Profit)/loss on disposal of tangible fixed assets	-	2,785
Amortisation of intangible assets	18,000	20,000

5 Employees

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

	2021 Number	2020 Number
Management and administration	22	25
Warehouse	15	16
Drivers	13	12
Sales	15	13
Total	65	66

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	814,411	1,162,486
Social security costs	56,530	58,913
Pension costs	16,679	16,561
	887,620	1,237,960

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	42,701	59,239
Company pension contributions to defined contribution schemes	16,679	16,561
	59,380	75,800

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	2,733	5,868

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	16,200	109
Interest on finance leases and hire purchase contracts	3,963	5,529
Other interest	-	1,104
	20,163	6,742

9 Change in fair value of financial assets

	2021	2020
	£	£
Changes in the fair value of investment properties	76,290	-

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	45,389	39,818
Adjustments in respect of prior periods	(735,895)	(81,466)
Total current tax	(690,506)	(41,648)
Deferred tax		
Origination and reversal of timing differences	33,393	7,556
Total tax credit	(657,113)	(34,092)

10 Taxation (Continued)

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

	2021	2020
	£	£
Profit before taxation	248,632	160,617
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	47,240	30,517
Tax effect of expenses that are not deductible in determining taxable profit	(1,025)	464
Adjustments in respect of prior years	(735,895)	(81,466)
Permanent capital allowances in excess of depreciation	(826)	1,948
Chargeable gain	-	6,889
Deferred tax movement	33,393	7,556
Taxation credit for the year	(657,113)	(34,092)

11 Dividends

	2021	2020
	£	£
Final paid	40,000	80,000

12 Intangible fixed assets

	Goodwill	Design rights	Total
	£	£	£
Cost			
At 1 January 2021 and 31 December 2021	360,000	10,000	370,000
Amortisation and impairment			
At 1 January 2021	216,000	10,000	226,000
Amortisation charged for the year	18,000	-	18,000
At 31 December 2021	234,000	10,000	244,000
Carrying amount			
At 31 December 2021	126,000	-	126,000
At 31 December 2020	144,000	-	144,000

13 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	200,000	75,000	34,736	348,696	225,165	883,597
Additions	-	-	-	5,358	-	5,358
At 31 December 2021	200,000	75,000	34,736	354,054	225,165	888,955
Depreciation and impairment						
At 1 January 2021	32,000	28,500	27,520	266,338	108,183	462,541
Depreciation charged in the year	4,000	1,500	1,442	14,893	23,396	45,231
At 31 December 2021	36,000	30,000	28,962	281,231	131,579	507,772
Carrying amount						
At 31 December 2021	164,000	45,000	5,774	72,823	93,586	381,183
At 31 December 2020	168,000	46,500	7,216	82,358	116,982	421,056

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

	2021	2020
	£	£
Motor vehicles	93,586	96,468

14 Investment property

	2021
	£
Fair value	
At 1 January 2021	709,500
Additions through external acquisition	1,095,465
Net gains or losses through fair value adjustments	76,290
At 31 December 2021	1,881,255

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.

15 Stocks

	2021	2020
	£	£
Finished goods and goods for resale	5,546,005	5,774,151

16 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	1,145,618	676,190
Corporation tax recoverable	369,918	-
Amounts owed by group undertakings	329,395	332,335
Other debtors	2,039,629	1,730,220
Prepayments and accrued income	15,042	25,533
	3,899,602	2,764,278

17 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	19	1,883,174	749,294
Obligations under finance leases	20	16,842	43,500
Trade creditors		1,280,507	816,773
Corporation tax		-	36,839
Other taxation and social security		573,749	200,206
Other creditors		72,801	487,142
Accruals and deferred income		25,866	182,428
		3,852,939	2,516,182

18 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	19	2,053,609	1,338,740
Obligations under finance leases	20	36,310	50,409
Other creditors		21,249	118,626
		2,111,168	1,507,775

19 Loans and overdrafts

	2021	2020
	£	£
Bank loans	2,442,013	1,561,936
Bank overdrafts	1,494,770	526,098
	3,936,783	2,088,034
Payable within one year	1,883,174	749,294
Payable after one year	2,053,609	1,338,740

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.

20 Finance lease obligations

Future minimum lease payments due under finance leases:	2021 £	2020 £
Within one year	16,842	43,500
In two to five years	36,310	50,409
	53,152	93,909

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.

21 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 2021 £	Liabilities 2020 £
Accelerated capital allowances	68,391	34,998

21 Deferred taxation (Continued)

Movements in the year:	2021 £
Liability at 1 January 2021	34,998
Charge to profit or loss	33,393
Liability at 31 December 2021	68,391

22 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	16,679	16,561

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.

23 Share capital

Ordinary share capital	2021 £	2020 £
Issued and fully paid		
Ordinary shares of £1 each	2	2

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