

Registered number: 00927578

Woodmansterne Publications Limited

Annual report and financial statements

For the Year Ended 31 March 2023

Woodmansterne Publications Limited

Company Information

| | |
|-----------------------------|---|
| Directors | P A Woodmansterne B S Woodmansterne |
| Company secretary | A Woodmansterne |
| Registered number | 00927578 |
| Registered office | The Old Rectory Rectory Lane Hastings Northamptonshire NN7 1EW |
| Independent auditors | Kreston Reeves LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU |
| Bankers | National Westminster Bank Plc PO Box 237 72/74 High Street Hertfordshire WD1 2BQ |

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Strategic report
For the Year Ended 31 March 2023

Introduction

The directors of Woodmansterne Publications Limited present their Strategic Report for the year ended 31 March 2023.

Business review

Woodmansterne's focus on publishing high-quality, apposite greeting cards and its continuing to deliver unrivalled levels of retailer service, has helped generate opportunities and growth, and has provided welcome stability through the uncertainties of recent years. The company's reputation and strategic position in the UK has never been stronger. Expansion, though, necessitates significant investment in facilities and capacity, with further recruitment and training. We have been facing the challenge of scaling without compromising our quality – such forces dampen current profits but help secure a strong and healthy future.

Christmas card sending in the UK was dealt a huge blow by the strikes of Royal Mail workers. These caused high returns. Consumer trends point to more being spent on fewer cards, and the company seems to have been less affected than most.

Like most publishers, Woodmansterne has gone to unprecedented lengths to cushion retailers from the increased costs of materials and wages, conscious of diminishing disposable incomes. However, when faced with realities such as paper for greeting cards increasing by over 45% in 14 months, this is clearly unsustainable.

Principal risks and uncertainties

Business risk

It has never been harder to predict the future.

Climate: we have located as best we can away from potential floods and wildfires. We continue to manage judiciously our buffer stocks of raw materials.

Finance: we have paid back the vast majority of our Government-backed CBILs loan reducing our exposure to higher interest rates.

Putin's War in Ukraine: we anticipate enduring inflation will continue to denigrate disposable incomes and challenge consumer behaviour, leaving an uncertain UK trading environment and testing the viability of some retailers.

Competition: as the company increases its strength in a weakening sector, it becomes more susceptible to general economic fluctuations. We continue to explore ways of increasing flexibility and responsiveness to change.

Financial Instruments

The company finances its operations through various financial instruments including trade creditors, trade debtors, loan and cash balances.

In respect of loans these comprise loans from financial institutions. The interest rates on the loans from financial institutions are variable – larger loans are insured through cap and collar agreements, smaller loans through fixed monthly repayments. The company manages its liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Strategic report (continued)

For the Year Ended 31 March 2023

Financial key performance indicators

The company uses a range of measures to ensure that the business is properly controlled; these include financial budgets and key performance indicators covering all areas of the company. Specifically, the key performance indicators include: monthly gross profit, staff utilisation, waste reduction and continuous improvement.

This report was approved by the board on 8 August 2023 and signed on its behalf.

B S Woodmansterne

Director

Directors' report

For the Year Ended 31 March 2023

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity during the period was the publishing, manufacture and distribution of greeting cards.

Results and dividends

The profit for the year, after taxation, amounted to £691,182 (2022 - £837,665).

During the year the company paid dividends totalling £170,000 (2022: £66,000). The directors recommend a further dividend of £136,000.

Directors

The directors who served during the year were:

P A Woodmansterne
B S Woodmansterne

Future developments

The growing success of relationships with existing retailers is opening doors with many others. The company continues to invest in recruiting, training and developing staff to support these opportunities.

Matters covered in the Strategic report

For information regarding principal risk and uncertainties, please refer to the Strategic Report.

Directors' report (continued)
For the Year Ended 31 March 2023

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 August 2023 and signed on its behalf.

B S Woodmansterne
Director

Independent auditors' report to the members of Woodmansterne Publications Limited

Opinion

We have audited the financial statements of Woodmansterne Publications Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Independent auditors' report to the members of Woodmansterne Publications Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

Independent auditors' report to the members of Woodmansterne Publications Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue and reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of stock, calculation of the returns provision and depreciation. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent auditors' report to the members of Woodmansterne Publications Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Robert Sellers FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

9 August 2023

**Statement of comprehensive income
For the Year Ended 31 March 2023**

| | Note | 2023 £ | 2022 £ |
|--|-------------|---------------------|-------------------|
| Turnover | 4 | 23,938,835 | 21,765,383 |
| Cost of sales | | (10,903,625) | (9,098,631) |
| Gross profit | | 13,035,210 | 12,666,752 |
| Administrative expenses | | (12,011,781) | (11,348,745) |
| Other operating income | 5 | - | 85,000 |
| Operating profit | 6 | 1,023,429 | 1,403,007 |
| Interest receivable and similar income | 10 | 7,382 | 520 |
| Interest payable and similar expenses | 11 | (174,975) | (116,540) |
| Profit before tax | | 855,836 | 1,286,987 |
| Tax on profit | 12 | (164,654) | (449,322) |
| Profit for the financial year | | 691,182 | 837,665 |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 28 form part of these financial statements.

Balance sheet
As at 31 March 2023

| | Note | 2023 £ | 2022 £ |
|---|------|--------------------|-------------|
| Fixed assets | | | |
| Intangible assets | 13 | - | - |
| Tangible assets | 14 | 3,657,598 | 3,890,684 |
| | | 3,657,598 | 3,890,684 |
| Current assets | | | |
| Stocks | 16 | 3,001,097 | 2,506,163 |
| Debtors: amounts falling due within one year | 17 | 6,077,296 | 5,535,239 |
| Cash at bank and in hand | 18 | 1,552,600 | 3,746,266 |
| | | 10,630,993 | 11,787,668 |
| Creditors: amounts falling due within one year | 19 | (6,199,077) | (6,588,388) |
| Net current assets | | 4,431,916 | 5,199,280 |
| Total assets less current liabilities | | 8,089,514 | 9,089,964 |
| Creditors: amounts falling due after more than one year | 20 | (1,921,939) | (3,398,225) |
| Provisions for liabilities | | | |
| Deferred tax | 23 | (217,943) | (263,289) |
| | | (217,943) | (263,289) |
| Net assets | | 5,949,632 | 5,428,450 |
| Capital and reserves | | | |
| Called up share capital | 24 | 10,100 | 10,100 |
| Capital redemption reserve | 25 | 10,134 | 10,134 |
| Profit and loss account | 25 | 5,929,398 | 5,408,216 |
| | | 5,949,632 | 5,428,450 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 August 2023.

P A Woodmansterne
Director

B S Woodmansterne
Director

The notes on pages 13 to 28 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 March 2023

| | Called up share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------------|---------------------------------|-------------------|
| At 1 April 2021 | 10,100 | 10,134 | 4,636,551 | 4,656,785 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 837,665 | 837,665 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | 837,665 | 837,665 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (66,000) | (66,000) |
| Total transactions with owners | - | - | (66,000) | (66,000) |
| At 1 April 2022 | 10,100 | 10,134 | 5,408,216 | 5,428,450 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 691,182 | 691,182 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | 691,182 | 691,182 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (170,000) | (170,000) |
| Total transactions with owners | - | - | (170,000) | (170,000) |
| At 31 March 2023 | <u>10,100</u> | <u>10,134</u> | <u>5,929,398</u> | <u>5,949,632</u> |

The notes on pages 13 to 28 form part of these financial statements.

Statement of cash flows
For the Year Ended 31 March 2023

| | 2023 £ | 2022 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 691,182 | 837,665 |
| Adjustments for: | | |
| Depreciation of tangible assets | 582,644 | 300,813 |
| Loss on disposal of tangible assets | 10,733 | 10,743 |
| Interest paid | 174,975 | 116,540 |
| Interest received | (7,382) | (520) |
| Taxation charge | 164,654 | 449,322 |
| (Increase) in stocks | (494,934) | (1,129,042) |
| (Increase) in debtors | (542,057) | (696,234) |
| Increase in creditors | 187,993 | 1,000,183 |
| Corporation tax (paid) | (95,000) | (526,282) |
| Net cash generated from operating activities | 672,808 | 363,188 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (360,291) | (1,439,701) |
| Sale of tangible fixed assets | - | 3,749 |
| Interest received | 7,382 | 520 |
| Net cash from investing activities | (352,909) | (1,435,432) |
| Cash flows from financing activities | | |
| Repayment of loans | (2,094,719) | (1,703,247) |
| Repayment of/new finance leases | (73,871) | (193,150) |
| Dividends paid | (170,000) | (66,000) |
| Interest paid | (174,975) | (116,540) |
| Net cash used in financing activities | (2,513,565) | (2,078,937) |
| Net (decrease) in cash and cash equivalents | (2,193,666) | (3,151,181) |
| Cash and cash equivalents at beginning of year | 3,746,266 | 6,897,447 |
| Cash and cash equivalents at the end of year | 1,552,600 | 3,746,266 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 1,552,600 | 3,746,266 |
| | 1,552,600 | 3,746,266 |

The notes on pages 13 to 28 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 March 2023**

1. Company information

Woodmansterne Publications Limited is a limited liability company incorporated in England. The company's registered office is The Old Rectory, Rectory Lane, Hastings, Northamptonshire, NN7 1EW.

The company's principal activity during the period was the publishing, manufacture and distribution of greeting cards.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the directors report on page 3. In addition, the business review includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The company has considerable financial resources and continues to trade with a number of different customers and suppliers. As a consequence the directors believe the company is well placed to manage its business risks successfully. The directors accordingly, continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the financial statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Notes to the financial statements
For the Year Ended 31 March 2023**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight-line and reducing balance method.

Depreciation is provided on the following basis:

| | |
|---------------------|--|
| Freehold property | - 2% straight line |
| Plant & Machinery | - 15% reducing balance and over 3 - 6 years |
| Motor Vehicles | - 25% reducing balance |
| Fixtures & Fittings | - 20-25% reducing balance and over 3 - 6 years |
| Computer Equipment | - 33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the the asset's carrying amount exceeds its recoverable amount.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Notes to the financial statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.11 Creditors

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

2.13 Operating leases: the Company as lessee

Rentals applicable to operating leases, where substantially all benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Notes to the financial statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Notes to the financial statements
For the Year Ended 31 March 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Introduction

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Lease commitments

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these lease as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the company's key sources of estimation uncertainty:

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £3,657,598 at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

Provision has been made in the financial statements for deferred tax amounting to £217,943 at the reporting date (see note 23).

This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

Notes to the financial statements
For the Year Ended 31 March 2023

4. Turnover

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

| | 2023 £ | 2022 £ |
|--|--------------------------|--------------------------|
| Publishing, manufacture and distribution of greeting cards | 23,938,835 | 21,765,383 |
| | <u>23,938,835</u> | <u>21,765,383</u> |

All turnover arose within the United Kingdom.

5. Other operating income

| | 2023 £ | 2022 £ |
|------------------------|-----------------|----------------------|
| Other operating income | - | 85,000 |
| | <u>-</u> | <u>85,000</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2023 £ | 2022 £ |
|---|----------------------|----------------------|
| Research & development charged as an expense | 110,447 | 69,634 |
| Depreciation of tangible fixed assets | 582,644 | 300,813 |
| Other operating lease rentals | 170,076 | 167,531 |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements | 18,825 | 15,750 |
| Defined contribution pension cost | 176,922 | 159,551 |
| Loss/(profit) on sale of assets | <u>10,733</u> | <u>10,743</u> |

7. Auditors' remuneration

| | 2023 £ | 2022 £ |
|--|---------------|-----------|
| Fees payable to the Company's auditors for the audit of the Company's financial statements | 18,825 | 15,750 |

Notes to the financial statements
For the Year Ended 31 March 2023

8. Employees

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

| | 2023 £ | 2022 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 5,894,019 | 5,615,172 |
| Social security costs | 610,875 | 544,732 |
| Cost of defined contribution scheme | 176,922 | 159,551 |
| | <u>6,681,816</u> | <u>6,319,455</u> |

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

| | 2023 No. | 2022 No. |
|-----------|-------------|-------------|
| Employees | <u>157</u> | <u>135</u> |

9. Directors' remuneration

| | 2023 £ | 2022 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | 225,092 | 308,312 |
| | <u>225,092</u> | <u>308,312</u> |

The highest paid director received remuneration of £158,260 (2022 - £162,118).

10. Interest receivable

| | 2023 £ | 2022 £ |
|---------------------------|--------------|------------|
| Other interest receivable | 7,382 | 520 |
| | <u>7,382</u> | <u>520</u> |

11. Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|-----------------------|----------------|----------------|
| Bank interest payable | 174,975 | 116,540 |
| | <u>174,975</u> | <u>116,540</u> |

Notes to the financial statements
For the Year Ended 31 March 2023

12. Taxation

| | 2023 £ | 2022 £ |
|--|-----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 210,000 | 95,000 |
| Adjustments in respect of previous periods | - | 152,467 |
| | <u>210,000</u> | <u>247,467</u> |
| Total current tax | <u>210,000</u> | <u>247,467</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (45,346) | 182,176 |
| Changes to tax rates | - | 19,679 |
| Total deferred tax | <u>(45,346)</u> | <u>201,855</u> |
| Tax on profit | <u>164,654</u> | <u>449,322</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|--|----------------|------------------|
| Profit on ordinary activities before tax | <u>855,836</u> | <u>1,286,987</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%) | 162,609 | 244,528 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 20,328 | 79,883 |
| Capital allowances for year in excess of depreciation | (12,301) | (55,698) |
| Adjustments to tax charge in respect of prior periods | - | 152,467 |
| Other timing differences leading to an increase (decrease) in taxation | (5,982) | 28,142 |
| Total tax charge for the year | <u>164,654</u> | <u>449,322</u> |

Notes to the financial statements
For the Year Ended 31 March 2023

12. Taxation (continued)

Factors that may affect future tax charges

As part of the Financial Bill 2020, which was substantively enacted on 17 March 2020, the corporation tax main rate is to remain at 19% until 31 March 2023.

During the accounting period, the UK government announced that the main rate will increase on 1 April 2023 to 25% for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19% and marginal relief will apply between these thresholds. The change formed part of the Finance Bill 2021.

Deferred taxes have been measured using rates substantively enacted at the reporting date and reflected in these financial statements.

13. Intangible assets

| | Other Intangibles £ |
|-------------------------|------------------------------------|
| Cost | |
| At 1 April 2022 | 17,500 |
| At 31 March 2023 | 17,500 |
| Amortisation | |
| At 1 April 2022 | 17,500 |
| At 31 March 2023 | 17,500 |
| Net book value | |
| At 31 March 2023 | - |
| At 31 March 2022 | - |

Notes to the financial statements
For the Year Ended 31 March 2023

14. Tangible fixed assets

| | Freehold property £ | Plant & Machinery £ | Motor Vehicles £ | Fixtures & Fittings £ | Total £ |
|--|---------------------------|---------------------------|---------------------|-----------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 April 2022 | 2,114,059 | 3,255,603 | 59,250 | 747,976 | 6,176,888 |
| Additions | - | 181,272 | 74,699 | 104,320 | 360,291 |
| Disposals | - | (105,954) | - | (1,000) | (106,954) |
| At 31 March 2023 | 2,114,059 | 3,330,921 | 133,949 | 851,296 | 6,430,225 |
| Depreciation | | | | | |
| At 1 April 2022 | 69,067 | 1,887,402 | 27,297 | 302,438 | 2,286,204 |
| Charge for the year on owned assets | 4,656 | 386,760 | 7,125 | 105,746 | 504,287 |
| Charge for the year on financed assets | - | 76,801 | 1,556 | - | 78,357 |
| Disposals | - | (95,221) | - | (1,000) | (96,221) |
| At 31 March 2023 | 73,723 | 2,255,742 | 35,978 | 407,184 | 2,772,627 |
| Net book value | | | | | |
| At 31 March 2023 | <u>2,040,336</u> | <u>1,075,179</u> | <u>97,971</u> | <u>444,112</u> | <u>3,657,598</u> |
| At 31 March 2022 | <u>2,044,992</u> | <u>1,368,201</u> | <u>31,953</u> | <u>445,538</u> | <u>3,890,684</u> |

Included in land and buildings is freehold land at a cost of £950,000 (2022: £950,000) which is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2023 £ | 2022 £ |
|---------------------|----------------|----------------|
| Plant and machinery | 168,961 | 244,699 |
| | <u>168,961</u> | <u>244,699</u> |

Notes to the financial statements
For the Year Ended 31 March 2023

15. Analysis of net debt

| | At 1 April 2022 | Cash flows | At 31 March 2023 |
|--------------------------|------------------|-----------------|--------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 3,746,266 | (2,193,666) | 1,552,600 |
| Debt due after 1 year | (3,329,845) | 1,502,596 | (1,827,249) |
| Debt due within 1 year | (1,199,452) | 584,784 | (614,668) |
| Finance leases | (211,138) | 73,871 | (137,267) |
| | <u>(994,169)</u> | <u>(32,415)</u> | <u>(1,026,584)</u> |

16. Stocks

| | 2023 | 2022 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Raw materials and consumables | 445,304 | 331,723 |
| Work in progress (goods to be sold) | 676,227 | 639,716 |
| Finished goods and goods for resale | 1,879,566 | 1,534,724 |
| | <u>3,001,097</u> | <u>2,506,163</u> |

17. Debtors

| | 2023 | 2022 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 4,659,731 | 4,882,929 |
| Other debtors | 446,183 | 288,598 |
| Prepayments and accrued income | 971,382 | 363,712 |
| | <u>6,077,296</u> | <u>5,535,239</u> |

18. Cash and cash equivalents

| | 2023 | 2022 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Cash at bank and in hand | 1,552,600 | 3,746,266 |
| | <u>1,552,600</u> | <u>3,746,266</u> |

Notes to the financial statements
For the Year Ended 31 March 2023

19. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Bank loans | 531,755 | 1,123,878 |
| Trade creditors | 2,498,360 | 2,719,692 |
| Corporation tax | 210,000 | 95,000 |
| Other taxation and social security | 414,276 | 407,744 |
| Obligations under finance lease and hire purchase contracts | 42,577 | 142,758 |
| Other creditors | 966,852 | 935,527 |
| Accruals and deferred income | 1,535,257 | 1,163,789 |
| | <u>6,199,077</u> | <u>6,588,388</u> |

The company has a bank overdraft facility and a trade supplier agreement which are secured by way of fixed charges over certain freehold property.

20. Creditors: Amounts falling due after more than one year

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Bank loans | 1,827,249 | 3,329,845 |
| Net obligations under finance leases and hire purchase contracts | 94,690 | 68,380 |
| | <u>1,921,939</u> | <u>3,398,225</u> |

Secured loans

The bank loans are secured on the freehold property of the company.

The bank loan comprises of a 15 year loan on £1,000,000 on which interest is payable at base rate plus 1%. The loan is repayable by instalments by 2023 following a 12 month repayment holiday received in light of Covid-19.

A 5 year bank loan of £1,245,000 on which interest is payable at base rate plus 1.85%. The loan is repayable by instalments by 2025 following a 12 month repayment holiday received in light of Covid-19.

A 6 year bank loan of £4,800,000 was acquired during the prior year. Interest is payable at base rate plus 2.96%. The loan is repayable by instalments by 2026.

Notes to the financial statements
For the Year Ended 31 March 2023

21. Loans

Analysis of the maturity of loans is given below:

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Bank loans | 531,755 | 1,123,878 |
| | <u>531,755</u> | <u>1,123,878</u> |
| Amounts falling due 1-2 years | | |
| Bank loans | 520,955 | 1,046,479 |
| | <u>520,955</u> | <u>1,046,479</u> |
| Amounts falling due 2-5 years | | |
| Bank loans | 1,306,294 | 2,283,366 |
| | <u>1,306,294</u> | <u>2,283,366</u> |
| | <u>2,359,004</u> | <u>4,453,723</u> |

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2023 £ | 2022 £ |
|-------------------|----------------|----------------|
| Within one year | 42,577 | 142,758 |
| Between 1-5 years | 94,690 | 68,380 |
| | <u>137,267</u> | <u>211,138</u> |

23. Deferred taxation

| | 2023 £ |
|---------------------------|------------------|
| At beginning of year | (263,289) |
| Charged to profit or loss | 45,346 |
| At end of year | <u>(217,943)</u> |

Notes to the financial statements
For the Year Ended 31 March 2023

23. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2023 £ | 2022 £ |
|--------------------------------|------------------|------------------|
| Accelerated capital allowances | (217,943) | (263,289) |
| | <u>(217,943)</u> | <u>(263,289)</u> |

24. Share capital

| | 2023 £ | 2022 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 6,500 (2022 - 6,500) Ordinary shares shares of £1 each | 6,500 | 6,500 |
| 1,000 (2022 - 1,000) Ordinary A shares shares of £1 each | 1,000 | 1,000 |
| 500 (2022 - 500) Ordinary B shares shares of £1 each | 500 | 500 |
| 500 (2022 - 500) Ordinary C shares shares of £1 each | 500 | 500 |
| 1,500 (2022 - 1,500) Ordinary D shares shares of £1 each | 1,500 | 1,500 |
| 100 (2022 - 100) Ordinary E shares shares of £1 each | 100 | 100 |
| | <u>10,100</u> | <u>10,100</u> |

25. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit & loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

26. Pension commitments

The company operates a defined contributions pension scheme for staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £176,922 (2022: £159,551). Contributions totalling £29,413 (2022: £26,917) were payable to the fund at the balance sheet date and are included in other creditors.

Notes to the financial statements
For the Year Ended 31 March 2023

27. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2023 £ | 2022 £ |
|--|-------------------|-------------------|
| Not later than 1 year | 945,857 | 778,719 |
| Later than 1 year and not later than 5 years | 3,405,667 | 2,276,284 |
| Later than 5 years | 6,521,493 | 7,304,004 |
| | <u>10,873,017</u> | <u>10,359,007</u> |

28. Related party transactions

The premises occupied by the company is owned by the shareholders Small Self Administered Scheme pension fund in which P A Woodmansterne is a Trustee. The rent paid in the period of £290,000 (2022: £290,000) is considered to be a fair market rent.

During the prior year, a loan of £60,000 was made to a shareholder of the company. Interest has not been charged on the loan. At 31 March 2023, £60,000 was still owed to the company.

During the year the company paid dividends totalling £170,000 (2022: £66,000). All directors' remuneration paid by the company during the year was done so under normal market conditions.

29. Controlling party

Day to day operational control of the company is undertaken by the directors, P A Woodmansterne and B S Woodmansterne.

The ultimate controlling party is P A Woodmansterne, a director, by virtue of his majority shareholding. In the prior year no individual shareholder was able to exercise control by virtue of their shareholding.

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