Clive Mark Schoolwear Limited

Annual report and financial statements

Registered number 02257516

Year ended 31 December 2021

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COMPANIES HOUSE

Directors
A J Ducker
D B Manning (ceased to hold office 9 March 2022)
M J Easter
U Khan
J McNicholas

Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers
HSBC
1 Forest Green
Caxton Road
Fulwood, Preston
PR2 9LJ

Solicitors
Walker Morris LLP
12 King Street
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LS1 2HL

Tyr Law
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Leeds
LS1 5JL

Registered office
Units 1 and 2
Anderton Road
Birmingham
B11 1TG

Contents

Registered No. 02257516

Directors' report

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

Principal activity
The company's principal activity during the year continued to be the manufacture and supply of clothing for the schoolwear market.

Results and dividends
The loss for the year after taxation amounted to £300,721 *(2020: loss for the year of £146,200)*. There were no dividends declared during the year and the directors do not recommend a final dividend *(2020: £Nil)*.

The directors acknowledge that there is a degree of uncertainty arising from Brexit and Covid-19 pandemic, representing a risk to the business as a result of heightened general economic risk. The Covid-19 pandemic occurred during the first half of 2020 and the long term implications are still uncertain as this report is published and therefore the financial results in it should be read in this context and alongside the changing global situation. Our thoughts are with all those who have been affected by this crisis. Our priorities have been and continue to be to protect our people as well as our suppliers and customers.

The business has coped well having successfully activated our business continuity plans. While the macroeconomic impacts of the pandemic are difficult to predict, the business remains financially well positioned. As well as taking mitigating actions, we are also positioning ourselves to emerge strongly and are continuing to invest in our overall growth strategy.

Directors

The directors who held office during the year and up to the date of this report were as follows:

A J Ducker
D B Manning (ceased to hold office 9 March 2022)
M J Easter
U Khan
J McNicholas

Political contributions

The company did not make any political donations or incur any political expenditure during the current or preceding year.

Disclosure of information 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The directors have prepared the financial statements using the going concern assumption, more details of which are set out in note 1 to the Financial Statements.

Directors' report (continued)

Small company regime

This report has been prepared in accordance with the special provisions applicable to companies' subject to the small companies' regime within Part 15 of the Companies Act 2006.

Exemption from Strategic report

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 414B of the Companies Act 2006.

Auditor

In accordance with Companies Act 2006 s485, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

U Khan
Director
27 May 2022

Units 1 and 2
Anderton Road
Birmingham
B11 1TG

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the member of Clive Mark Schoolwear Limited

Opinion

We have audited the financial statements of Clive Mark Schoolwear Limited (the 'company') for the year ended 31 December 2021 which comprise Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes1 to 19, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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 to May 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

to the member of Clive Mark Schoolwear Limited

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 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 the 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 the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

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.

Independent auditor's report (continued)

to the member of Clive Mark Schoolwear Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Money Laundering Regulations and UK and UK Tax Legislation
- We understood how Clive Mark Schoolwear Limited is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through review of the following documentation or performance of the following procedures;
  - obtaining an understanding of entity-level controls and considering the influence of the control environment;
  - obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls;
  - review of board meeting minutes in the year and to date of signing;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur discussion within the audit team which included;
  - identification of related parties, including circumstances related to the existence of a related party with dominant influence;
  - understanding the company's business and entity-level controls and considering the influence of the control environment; and
  - considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located 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 member of Clive Mark Schoolwear 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.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP. Statutory Auditor
Belfast
Date: 2 June 2022

Profit and Loss Account
for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	**3,269,552**	3,237,075
Cost of sales		**(1,928,318)**	(1,823,778)
Gross profit		**1,341,234**	1,413,297
Administrative expenses		**(1,656,698)**	(1,592,544)
Other operating income	3	**82,597**	104,983
Operating loss	4	**(232,867)**	(74,264)
Interest payable and similar expenses	7	**(71,750)**	(71,936)
Loss before taxation		**(304,617)**	(146,200)
Tax on loss	8	**3,896**	-
Loss for the financial year		**(300,721)**	(146,200)

There are no items of other comprehensive income in the current or previous financial year and accordingly a statement of other comprehensive income has not been presented.

All amounts relate to continuing activities.

The notes on pages 10 to 20 form an integral part of these financial statements.

Balance Sheet
at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	*10*	**94,531**	113,034
Intangibles	*9*	**69,908**	85,632
		164,439	198,666
Current assets			
Stocks	*11*	**1,297,074**	1,404,297
Debtors	*12*	**146,713**	61,302
Cash at bank and in hand		**83,268**	155,879
		1,527,055	1,621,478
Creditors: amounts falling due within one year	*13*	**(4,019,875)**	(3,847,804)
Net current liabilities		**(2,492,820)**	(2,226,326)
Total assets less current liabilities		**(2,328,381)**	(2,027,660)
Net liabilities		**(2,328,381)**	(2,027,660)
Capital and reserves			
Called up share capital	*15*	**100,820**	100,820
Profit and loss account		**(2,429,201)**	(2,128,480)
Shareholders' deficit		**(2,328,381)**	(2,027,660)

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS102 section 1A - small entities.

These financial statements were approved by the board of directors on 27 May 2022 and were signed on its behalf by:

U Khan
Director

The notes on pages 10 to 20 form an integral part of these financial statements

Company registered number: 02257516

Statement of Changes in Equity
for the year ended 31 December 2021

	Share Capital	Profit and loss account	Total
	£	£	£
At 1 January 2020	100,820	(1,982,280)	(1,881,460)
Loss for the year	-	(146,200)	(146,200)
At 31 December 2020	100,820	(2,128,480)	(2,027,660)

	Share Capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	100,820	(2,128,480)	(2,027,660)
Loss for the year	-	(300,721)	(300,721)
At 31 December 2021	**100,820**	**(2,429,201)**	**(2,328,381)**

The accompanying notes on pages 10 to 20 form an integral part of the financial statements.

Notes to the financial statements
(forming part of the financial statements)

1 Accounting policies

Clive Mark Schoolwear Limited (the "Company") is a private company limited by shares and is incorporated, domiciled and registered in England.

These financial statements were prepared in accordance with Section 1A of FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The presentation currency of these financial statements is sterling and no rounding has been applied.

The Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Covid-19 pandemic has posed many challenges worldwide and all areas of the economy have been impacted. The Company's financial forecasts and projections have been prepared considering the changes in operations and trading performance as a result of Covid-19. Those forecasts are dependent on additional financial support from its ultimate parent company, Trutex Investments Limited, during that period.

Apart from that, the Company is currently in net current liabilities position of £2,492,820 (2020: £2,226,326) and net liabilities position of £2,328,381 (2020: £2,027,660) at year end. The Company's ultimate parent company, Trutex Investments Limited, has confirmed that it will provide financial support to the company for the period to 31 May 2023, making funds available to the Company to enable it to meet its current liabilities arising as they fall due.

In light of this, the directors have prepared the financial statements using the going concern assumption.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as 'Creditors amount falling due within one year' in the financial statements.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery - 5 years
- Leasehold improvements - 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.5 Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software over 3 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with FRS 102 Section 27 "Impairment of Assets" when there is an indication that goodwill or an intangible asset may be impaired.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.6 *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.8 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of school wear to customers during the period. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales tax and duty. Turnover is recognised when the right to receive is established.

1.9 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

All turnover relates to the supply of clothing for the schoolwear market and is all generated in the UK.

Notes to the financial statements *(continued)*

3 Other operating income

	2021 £	2020 £
Government grant	**82,597**	104,983

Government grants in both periods relate to Coronavirus Job Retention Scheme ("CRJS").

4 Operating loss

Included in loss are the following:

	2021 £	2020 £
Audit of these financial statements	**8,400**	10,000
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	**3,600**	2,000
Amortisation of intangible assets	**45,356**	50,134
Depreciation of tangible assets	**46,826**	47,420

5 Staff numbers and costs

The average monthly number of employees, including directors, during the year was 60 *(2020: 55)*. The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	**935,887**	920,168
Social security costs	**65,740**	64,495
Pension Contributions	**14,446**	12,638
	1,016,073	997,301

6 Directors' remuneration

Directors' remuneration is borne by another group undertaking in the current reporting period, for which there is no recharge. A fair allocation on a time proportion basis would be £11,000.

7 Interest payable and similar expenses

	2021 £	2020 £
Interest payable on financial liabilities at amortised cost	**71,750**	71,936

Notes to the financial statements *(continued)*

8 Taxation

		2021 £		2020 £
Current tax				
Total current tax		-		-
Deferred tax (see note 14)				
Origination and reversal of timing differences	(2,961)		-	
Change in tax rate	(935)		-	
Total deferred tax		(3,896)		-
Total tax credit		(3,896)		-

Reconciliation of effective tax rate

	2021 £	2020 £
Loss for the year	(300,217)	(146,200)
Total tax	(3,896)	-
Loss excluding taxation	(304,617)	(146,200)
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	(57,877)	(27,778)
Movement on unrecognised deferred tax	(76,581)	27,744
Non-deductible expenses	-	34
Tax rate differences on deferred tax	(935)	
Group relief surrendered	131,497	
Total tax credit included in profit or loss	(3,896)	-

On 3 March 2021, HM Treasury announced that the rate of corporation tax will increase to 25% for companies with effect from 1 April 2023. This rate change was substantially enacted in May 2021 and therefore the 25% rate has been used in calculating the deferred tax at the balance sheet date.

Notes to the financial statements *(continued)*

9 Intangible assets

	Software £
Cost	
Balance at 1 January 2021	398,543
Additions	29,632
Write down	(256,075)
Balance at 31 December 2021	172,100
Amortisation and impairment	
Balance at 1 January 2021	312,911
Amortisation for the year	45,356
Amortisation released on write down	(256,075)
Balance at 31 December 2021	102,192
Net book value	
At 1 January 2021	85,632
At 31 December 2021	**69,908**

10 Tangible fixed assets

	Plant and Machinery £	Leasehold improvements £	Total £
Cost			
Balance at 1 January 2021	694,216	63,977	758,193
Additions	25,791	2,532	28,323
Write down	(507,987)	(63,977)	(571,964)
Balance at 31 December 2021	212,020	2,532	214,552
Depreciation and impairment			
Balance at 1 January 2021	581,182	63,977	645,159
Depreciation charge for the year	44,294	2,532	46,826
Depreciation released on write down	(507,987)	(63,977)	(571,964)
Balance at 31 December 2021	117,489	2,532	120,021
Net book value			
At 31 December 2020	113,034	-	113,034
At 31 December 2021	**94,531**	-	**94,531**

Notes to the financial statements *(continued)*

11 Stocks

	2021 £	2020 £
Finished goods	**1,297,074**	1,404,297

12 Debtors

	2021 £	2020 £
Trade debtors	**96,537**	8,204
Deferred tax asset	**3,896**	
Prepayments and accrued income	**46,280**	51,604
Other debtors	**-**	1,494
	146,713	61,302

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Amount owed to group undertakings	**3,657,170**	3,433,453
Trade creditors	**50,276**	66,327
Other creditors	**30,000**	-
Taxation and social security	**31,209**	29,262
Accruals and deferred income	**201,174**	218,716
Invoice discounting facility	**-**	-
Other loans	**50,046**	100,046
	4,019,875	3,847,804

14 Deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:

	Assets 2021 £	Assets 2020 £	Liabilities 2021 £	Liabilities 2020 £	Net 2021 £	Net 2020 £
Accelerated capital allowances	**-**	-	**(1,179)**	(14,013)	**(1,179)**	(14,013)
Unused tax losses	**-**	3,305	**-**	-	**-**	3,305
Others	**5,075**	10,708	**-**	-	**5,075**	10,708
Tax assets / (liabilities)	**5,075**	14,013	**(1,179)**	(14,013)	**3,896**	-

In addition to the deferred tax asset above, the Company has additional unrecognised gross tax losses of £768,936 *(2020: £1,172,000)* in respect of trading losses carried forward.

Notes to the financial statements *(continued)*

15 Capital and reserves

Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
608 ordinary shares of £1 each	**608**	608
212 R shares of £1 each	**212**	212
100,000 R deferred shares of £1 each	**100,000**	100,000
	100,820	100,820

The holders of ordinary shares and R shares are entitled to receive dividends as declared periodically and are entitled to one vote per share at Company meetings.

The holders of R deferred shares are not entitled to receive dividends or to attend or vote at any general meeting of the company.

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021	2020
	£	£
Commitments expiring:		
within one year	**141,750**	39,911
within two to five years	**123,920**	31,513
Total commitments	**265,670**	71,424

During the year £134,652 was recognised as an expense in the profit and loss account in respect of operating leases *(2020: £167,720).*

17 Related parties

Identity of related parties with which the Company has transacted

The company is related to its subsidiary undertakings and parent undertaking and has availed itself of the exemption under FRS 102.33.1A not to disclose transactions with members of the same group who are wholly owned subsidiaries.

Related Party Name	Relationship to Company	Nature of Transaction	Creditors outstanding	
			2021	2020
			£	£
Elaghmore Limited	Company under common control	Loan facility	**50,046**	50,046
Directors	Directors of the Company	Directors' loan	**30,000**	50,000

Notes to the financial statements *(continued)*

18 Ultimate parent company

The Company is a subsidiary undertaking of Duma Services Limited. The ultimate parent company is Trutex Investments Limited. In the directors' opinion at 31 December 2021, the controlling parties of Trutex Investments Limited are Andrew Ducker and the Estate of David Manning, each with an equal shareholding.

The smallest and largest group in which the results of the Company are consolidated is that headed by Trutex Investments Limited incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from their registered office at Jubilee Mill, Taylor Street, Clitheroe, Lancashire, BB7 1NL.

19 Accounting estimates and judgements

Critical accounting judgements in applying the Company's accounting policies

Other impairment provisions
The Company makes provisions for inventory deemed to be obsolete or slow moving. This provision is established on each individual stock item based on the age of the stock and shelf life, weighed against management's experience and assessment of the present value of future cash flows.

The amounts presented as receivables in the balance sheet are net of allowances for doubtful receipt, estimated by the Group's management based on prior experience and taking into account the age of the receivable weighed against management's experience and assessment of the present value of future cash flows.