Trutex Limited

Annual report and financial statements

Registered number 07132787

Year ended 31 December 2021

Directors
A J Ducker
M J Easter
D B Manning (ceased to hold office 9 March 2022)
H Walker
K Fowler (resigned 15 December 2021)
J Hogan
T Morley
U Khan

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
Leeds
LS1 2HL

Registered office
Jubilee Mill
Taylor Street
Clitheroe, Lancashire
BB7 1NL

Contents

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The company's principal activity during the period was the supply of clothing for the school wear market.

Development and performance of the business

Turnover for year was £25,857,000 *(2020: £24,739,000)* and operating profit was £1,003,000 *(2020: £199,000)*. The directors are satisfied with the results for the period. After adding back exceptional costs, which relate to the write off of intercompany balances, operating profit totaled £1,730,000 for the Company *(2020: £884,000)*.

The company purchases most of its supply in US dollars and to limit the foreign exchange rate exposure, it has adopted a strategy of purchasing forward contracts in line with the supplier payments to limit any currency exposure.

Key performance indicators

The directors use a range of performance measures to monitor and manage the business. Of these measures, On Time in Full, Turnover, Operating profit, Gross margin percentage, Profit before taxation and cash flow from operations are considered to be key by the directors.

	2021	**2020**
On time in full % (Trutex)	89.0	90.9
Turnover (£000)	25,857	24,739
Operating profit (£000)	1,003	199
Gross profit % (Trutex)	36.0	36.0
Profit/(loss) before taxation (£000)	353	(762)
Cash flow from operations (£000)	(2,650)	1,225

Regular meetings take place with all levels of management in order to monitor and address the issues faced by the business. The company produces an annual budget and regular reviews take place comparing budgeted to actual sales, order levels, profitability and cash flows to help monitor business performance.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties to the company to be:

- **Exchange rate risk** – the company uses overseas suppliers for the majority of its stock purchasing and is therefore susceptible to changes in foreign exchange rates. The main currency on which purchases are based is United States Dollar. Fluctuations in exchange rates may increase purchase prices from suppliers which may or may not be able to be passed on to customers. The directors seek to manage this risk by purchasing forward contracts to fix exchange rates.
- **Supply risk** – the company purchases its stock mainly from Asian and Far-East suppliers and is therefore susceptible to raw material availability and price risk, which can be directly linked to the economic, political and social stability of the country of purchase. In order to mitigate this risk the directors ensure that each product range is dual supplied by at least two separate suppliers and where possible from two separate countries.
- **Competitor risk** – the company has a large customer base including both the smaller independent retailers, direct to schools and larger school wear retailers. The company offers a niche product often specific to the particular school and therefore believes that competitor risk is lowered but nevertheless there remains a risk that the company loses market share to competitors in future. The directors seek to manage this risk by ensuring excellent relationships are maintained with customers.

Strategic Report (continued)

Principal risks and uncertainties (continued)

- **General economic risk** – as with any other wholesale supplier, the company is susceptible to general economic risk to some degree. This risk is lessened as the demand for school wear is fairly static given the underlying customer base is children. There is a risk that parents, where the school allows, move to a lower quality unbranded product in times of economic downturn, however the company aims to mitigate this risk by ensuring a wide and affordable product offering across all products and sizes at premium quality.
- **Interest rate risk** – the company has significant funding commitments which are required to be reviewed regularly. The company is therefore susceptible to interest rate risk. The directors seek to mitigate this risk by utilising a range of fixed and variable finance methods.
- **Brexit** - the directors acknowledge that there is a degree of uncertainty arising from Brexit and that it increases exchange risk as well as general economic risk. The directors have identified that a specific risk arising from Brexit is delays in imports passing through Customs. To mitigate this overseas stock order timetables have already been brought forward for 2022.
- **Covid-19** – The Covid-19 pandemic occurred during the first half of 2020 and the long term impact is 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.

By order of the board

U Khan
Director
27 May 2022

Registered No. 07132787

Directors' report

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

Results and dividends

The profit for the year ended 31 December 2021 was £389,000 *(2020: loss of £721,000)* and no dividend was paid in 2021 *(2020: nil)*. The directors do not recommend the payment of final dividend.

Directors

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

A J Ducker
M J Easter
D B Manning (ceased to hold office 9 March 2022)
H Walker
K Fowler (resigned 15 December 2021)
J Hogan
T Morley
U Khan

Political contributions

The company did not make any political donations or incur any political expenditure during the year *(2020: nil)*.

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.

Auditor

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

On behalf of the Board

U Khan
Director

27 May 2022

Jubilee Mill
Taylor Street
Clitheroe
BB7 1NL

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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 Trutex Limited

Opinion

We have audited the financial statements of Trutex Limited for the year ended 31 December 2021 which comprise Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 23, 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical, 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.

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (continued)

to the member of Trutex Limited

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 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 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 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 4, 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.

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.

- 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 Trutex 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 by 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.

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** **£000**	2020 £000
Turnover	*2*	**25,857**	24,739
Cost of sales		**(16,521)**	(15,833)
Gross profit		**9,336**	8,906
Distribution costs		**(3,799)**	(4,992)
Administrative expenses		**(4,007)**	(3,371)
Exceptional items	*4*	**(1,002)**	(685)
Other operating income	*3*	**475**	341
Operating profit	*4*	**1,003**	199
Interest receivable and similar income		**-**	-
Interest payable and similar expenses	*7*	**(650)**	(961)
Profit/(loss) before taxation		**353**	(762)
Tax on profit/(loss)	*8*	**36**	41
Profit/(loss) after taxation		**389**	(721)

All amounts relate to continuing activities.

The notes on pages 12 to 29 form an integral part of these financial statements.

Statement of Other Comprehensive Income
for the year ended 31 December 2021

	Note	**2021** **£000**	2020 £000
Profit/(loss) for the year		**389**	(721)
Other comprehensive income/(expense)			
Effective portion of changes in fair value of cash flow hedges	*17*	**655**	(425)
Income tax on other comprehensive income/(expense)	*8*	**(113)**	266
Other comprehensive income/(expense), net of income tax		**542**	(159)
Total comprehensive income/(expense) for the year		**931**	(880)

The notes on pages 12 to 29 form an integral part of these financial statements.

Balance Sheet
at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	*9*	**1,171**	1,291
Investments	*10*	**818**	341
Tangible assets	*11*	**397**	407
		2,386	2,039
Current assets			
Stocks	*12*	**5,980**	4,489
Debtors	*13*	**3,350**	2,718
Cash at bank and in hand		**675**	1,252
		10,305	8,459
Creditors: amounts falling due within one year	*15*	**(6,722)**	(4,709)
Net current assets		**3,583**	3,750
Total assets less current liabilities		**5,969**	5,789
Creditors: amounts falling due after more than one year	*16*	**(4,347)**	(5,098)
Provisions for liabilities			
Deferred tax liability	*19*	**-**	-
Net assets		**1,622**	691
Capital and reserves			
Called up share capital	*17*	**-**	-
Share premium account		**1,658**	1,658
Cash flow hedging reserve		**(133)**	(674)
Profit and loss account		**97**	(293)
Shareholder funds		**1,622**	691

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 12 to 29 form an integral part of these financial statements

Company registered number: 07132787

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

	Notes	**Share Capital**	**Share Premium**	**Cash flow hedging reserve**	**Profit and loss account**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**
At 1 January 2020		-	1,658	(515)	428	1,571
Loss for the year		-		-	(721)	(721)
Other comprehensive expense	*17*	-	-	(159)	-	(159)
At 31 December 2020		-	1,658	(674)	(293)	691

		Share Capital	**Share Premium**	**Cash flow hedging reserve**	**Profit and loss account**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**
At 1 January 2021		-	1,658	(674)	(293)	691
Profit for the year				-	389	389
Other comprehensive income	*17*			542	-	542
At 31 December 2021		**-**	**1,658**	**(132)**	**96**	**1,622**

The accompanying notes on pages 12 to 29 form an integral part of the financial statements.

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

1 Accounting policies

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £000.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Trutex Investments Limited, a company incorporated in England that includes the Company in its consolidated financial statements. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

(a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).

(b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

(c) The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26.

(d) Section 33 Related Party Disclosures paragraph 33.7.

The consolidated financial statements of Trutex Investments Limited available to the public and may be obtained from 'Jubilee Mill, Taylor Street, Clitheroe BB7 1NL, United Kingdom'

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 except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

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. Having reviewed the forecasts and reasonably possible sensitivities the directors believe that the Company has adequate resources to continue in operational existence for the period to 31 May 2023. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus 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.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

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.

1.5 Other financial instruments

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in Other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.6 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:

- Fixtures and fittings and plant and machinery — over 3 to 5 years
- Leasehold improvements — over 3 to 10 years
- Computer equipment — over 3 to 5 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.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

The company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 30 December 2013. In respect of acquisitions prior to 30 December 2013 goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.8 Intangible assets, goodwill and negative goodwill

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

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

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

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:

- Website development over 3 to 5 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 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.

Goodwill and other 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.

1.9 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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.

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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

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 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.12 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.13 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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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.

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 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.

Notes to the financial statements *(continued)*

2 Turnover

The Company has one principal activity, the supply of clothing. The directors consider that an analysis of revenue on a geographical segment basis would be seriously prejudicial to the interests of the Company and, as permitted by FRS 102, no further disclosure is given.

3 Other operating income

	2021	2020
	£000	£000
Sales Commission	73	66
Government grant	126	275
Royalties received from group undertakings	276	-
	475	341

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

4 Operating profit/(loss)

Included in profit/(loss) are the following:

	2021	2020
	£000	£000
Exceptional items	1,002	685
Auditor's remuneration:		
Audit of these financial statements	35	28
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	13	12
Amortisation of intangible assets	243	305
Depreciation of tangible assets	204	176

Exceptional costs in the year relate to the write off of intercompany balances and in the prior year relate to provisions made in relation to intercompany balances.

Notes to the financial statements *(continued)*

5 Staff numbers and costs

The average monthly number of employees, including directors, during the year was 107 *(2020: 120)*. The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**3,556**	3,383
Social security costs	**325**	277
Other pension costs	**101**	63
	3,982	3,723

6 Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	**645**	631
Company pension contribution to defined contribution pension schemes	**41**	25
Amounts paid to third parties in respect of directors' services	**250**	242
	936	898

The remuneration of the highest paid director was £157,487 *(2020: £165,963)*.

7 Interest payable and similar expenses

	2021	2020
	£000	£000
Bank loans and overdrafts	**446**	487
Invoice finance	**92**	127
Other loans	**127**	99
Foreign exchange differences	**(17)**	30
Interest payable on finance leases	**2**	6
Forward exchange contract	**-**	212
	650	961

Notes to the financial statements *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account and other comprehensive income

	2021		2020	
	£000	£000	£000	£000
Current tax				
Current tax on income for the year	39		23	
Adjustments in respect of prior years	-		-	
Overseas tax	-		(23)	
Total current tax		39		-
Deferred tax (see note 20)				
Origination and reversal of timing differences	(34)		(36)	
Change in tax rate	(20)		-	
Adjustment in respect of prior years	(21)		(5)	
Deferred tax recognised on derivative financial instruments in Other Comprehensive Income	113		(266)	
Total deferred tax		38		(307)
Total tax charge/(credit)		77		(307)

Analysis of total tax expenses recognised in the profit and loss account and other comprehensive income

	2021			2020		
	£000 Current tax	£000 Deferred tax	£000 Total tax	£000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in profit and loss account	39	(75)	(39)	-	(41)	(41)
Recognised in other comprehensive income	-	113	113	-	(266)	(266)
Total tax credit	39	38	77	-	(307)	(307)

Analysis of current tax recognised in the profit and loss account

	2021 £000	2020 £000
UK corporation tax	39	23
Overseas tax	-	(23)
Total current tax recognised in profit and loss	39	-

Notes to the financial statements *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit/(loss) for the year	**389**	(721)
Total tax credit	**(75)**	(41)
Profit/(loss) excluding taxation	**353**	(762)
Tax using the UK corporation tax rate of 19.00%	**67**	(145)
Non-deductible expenses	**100**	152
Overseas tax	**-**	(23)
Group relief	**(162)**	(22)
Adjustment to tax charge in respect of previous periods	**(21)**	(5)
Differences in tax rates	**(20)**	-
Other	**-**	2
Total tax credit included in profit or loss	**(36)**	(41)

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.

9 Intangible assets

	Goodwill	**Website Development costs**	**Total**
	£000	**£000**	**£000**
Cost			
Balance at 1 January 2021	2,397	763	3,160
Additions	-	123	123
Balance at 31 December 2021	2,397	886	3,283
Amortisation and impairment			
Balance at 1 January 2021	1,257	612	1,869
Amortisation for the year	137	106	243
Balance at 31 December 2021	1,394	718	2,112
Net book value			
At 31 December 2020	1,140	151	1,291
At 31 December 2021	**1,003**	**168**	**1,171**

Notes to the financial statements *(continued)*

9 Intangible assets *(continued)*

Amortisation and impairment charge

The amortisation is recognised in the following line items in the profit and loss account:

	2021	2020
	£000	£000
Administrative expenses	**243**	305

10 Investments

	Shares in group undertakings £000	**Other investments £000**	**Total £000**
Cost and net book value			
At 1 January 2021	191	150	341
Addition	627	-	627
Correction	-	(150)	(150)
At 31 December 2021	**818**	**-**	**818**

The Company has the following shares in group undertakings:

	Principal activity	**Address**	**Class of shares held**	**Ownership % 2021**	**Ownership % 2020**
John Hall Schoolwear Limited	Schoolwear manufacture	Jubilee Mill, Taylor Street, Clitheroe, Lancashire, BB7 1NL	Ordinary Shares	100	100
Trutex (Shanghai) Branding Planning and Consulting Co. Limited	Schoolwear sales	Room 417, Building 1, No.15, New Lianlin Road, Pudong, Shanghai	Ordinary Shares	100	100
Sports and Schoolwear Suppliers Limited	Schoolwear Sales	Units 1 & 2, Anderton Road, Birmingham, England, B11 1TG	Ordinary Share	100	-

On 23 June 2021 the Company acquired 100% of the share capital of Sports and Schoolwear Suppliers Limited for consideration of £627,000.

A correction has been made in the year as the other investment included in the brought forward balance is held by another group company.

Notes to the financial statements *(continued)*

11 Tangible assets

	Fixtures & Fittings and Plant & Machinery £000	Computer Equipment £000	Leasehold improvements and land & buildings £000	Total £000
Cost				
Balance at 1 January 2021	962	860	256	2,078
Additions	80	44	70	194
Balance at 31 December 2021	1,042	904	326	2,272
Depreciation and impairment				
Balance at 1 January 2021	723	770	178	1,671
Depreciation charge for the year	115	56	33	204
Balance at 31 December 2021	838	826	211	1,875
Net book value				
At 31 December 2020	**239**	**90**	**78**	**407**
At 31 December 2021	**204**	**78**	**115**	**397**

The net carrying amount of assets held under finance leases included in plant and machinery is £nil *(2020: £88,000).*

12 Stocks

	2021 £000	2020 £000
Raw materials and consumables	**321**	229
Finished goods	**5,659**	4,260
	5,980	4,489

13 Debtors

	2021 £000	2020 £000
Trade debtors	**1,187**	1,045
Amounts owed by group undertakings	**1,153**	824
Other debtors	**762**	275
Deferred tax assets (see note 20)	**127**	166
Prepayments and accrued income	**305**	292
Corporation tax	**116**	116
	3,650	2,718

Notes to the financial statements *(continued)*

14 Other financial liabilities

	2021 £000	2020 £000
Amounts falling due within one year		
Fair value of cash flow hedges (forward exchange contracts)	**(177)**	(831)
	(177)	(831)

15 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans	**1,000**	700
Bank overdraft	**3,194**	-
Trade creditors	**639**	414
Amounts owed to group undertaking	**-**	313
Finance leases	**-**	31
Invoice finance	**568**	1,401
Other taxation and social security	**93**	116
Deferred consideration payable	**128**	-
Other creditors	**16**	95
Accruals and deferred income	**907**	808
Other financial liabilities (see note 15)	**177**	831
	6,722	4,709

The bank loan and overdraft are secured by a fixed and floating charge over the company's assets. The invoice finance loan is secured over specific book debts and a floating charge over the company's assets.

16 Creditors: amounts falling after more than one year

	2021 £000	2020 £000
Bank loans	**2,514**	3,500
Other loans	**1,706**	1,598
Deferred consideration payable	**127**	-
	4,347	5,098

The bank loans are secured by a fixed and floating charge over the company's assets. The finance lease liabilities are secured on the related assets.

Notes to the financial statements *(continued)*

17 Capital and reserves

Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
164 ordinary shares of £1 each	**164**	164
	164	164

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

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The movement of the cash flow hedging reserve is recognised as below:

Other comprehensive income

	2021	**2021**
	Cash flow hedging reserve £000	**Total Other Comprehensive income £000**
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	655	655
Income tax on other comprehensive income	(113)	(124)
Total other comprehensive income	**542**	**531**

	2020	2020
	Cash flow hedging reserve £000	Total Other Comprehensive Income £000
Other comprehensive expense		
Effective portion of changes in fair value of cash flow hedges	(425)	(425)
Income tax on other comprehensive expense	266	266
Total other comprehensive expense	(159)	(159)

Notes to the financial statements *(continued)*

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021	2020
	£000	£000
Creditors falling due more than one year		
Secured bank loans	2,514	3,500
Other financial liabilities	1,706	1,598
Finance leases	-	-
	4,220	5,098
Creditors falling due within less than one year		
Secured bank loans	1,000	700
Bank overdraft	3,193	-
Finance leases	-	31
	4,193	731

Terms and debt repayment schedule, other than bank overdraft

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2021	2020
					£000	£000
Secured Bank loan	GBP	2.1%	2023	36 months	814	1,200
Coronavirus loan	GBP	4.1%	2026	60 months	2,700	3,000
Other loan	GBP	8.0%	2023	30 months	1,706	1,598
Finance leases	GBP	6.0%	2021	9 months	-	31
					5,220	5,829

The Other loan is repayable in 30 monthly instalments from an earliest starting point of March 2021. This loan can only be repaid after the repayment of the secured bank loan under the terms of the financing agreement.

The Coronavirus Business Interruption Loan is repayable in 60 monthly instalments from an earliest starting point of June 2021.

The Secured Bank Loan is repayable in 11 quarterly instalments from an earliest starting point of April 2021.

Notes to the financial statements *(continued)*

18 Interest-bearing loans and borrowings (continued)

Finance leases

The future minimum finance leases are as follows:

	2021 £	2020 £
Not later than one year	-	33
Total gross payments	-	33
Less: finance charges	-	(2)
Carrying amount of liability	-	31

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	**(6)**	-	-	7	**(6)**	7
Other short term timing differences	**(121)**	(173)	-	-	**(121)**	(173)
Deferred tax (assets) / liabilities	**(127)**	(173)	-	7	**(127)**	(166)

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 Land and buildings £000	2021 Other £000	2020 Land and buildings £000	2020 Other £000
Commitments expiring:				
Within one year	**162**	**51**	214	57
Within two to five years	**421**	**40**	772	67
After five years	-	-	-	-
Total commitments	**583**	**91**	986	124

During the year £213,278 was recognised as an expense in the profit and loss account in respect of operating leases *(2020: £198,686)*

Notes to the financial statements *(continued)*

21 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.

Interest is payable at a rate of 8% per annum on the loans from Elaghmore Limited and the company directors. Interest of £127,451 (2020: £120,072) was paid on these loans during the year.

As mentioned in note 6, £250,000 *(2020: £242,436)* was paid to a third party Elaghmore Limited, for director services. A J Ducker is a director of Elaghmore Limited.

Transactions with key management personnel
As per note 6, total compensation of key management personnel (including the directors) in the year amounted to £936,000 *(2020: £898,000)*.

Related Party Name	Relationship to Company	Nature of Transaction	**2021 £000**	2020 £000
Elaghmore Limited	Company under common control	Loan Facility	**1,465**	1,357
The Estate of D B Manning	Shareholder of ultimate parent	Loan Facility	**99**	99
A J Ducker	Company Director	Loan Facility	**99**	99
M J Easter	Company Director	Loan Facility	**43**	43

22 Ultimate parent company and parent company of larger group

The immediate and ultimate parent undertaking of the Company is Trutex Investments Limited, a company incorporated in England, which is the only parent undertaking to consolidate these financial statements. The ultimate controlling parties of Trutex Investments Limited are its shareholders. Copies of Trutex Investments Limited financial statements are available from their registered office address; Jubilee Mill, Taylor Street, Clitheroe, Lancashire, BB7 1NL.

23 Accounting estimates and judgements

Critical accounting judgements in applying the Company's accounting policies

Impairment of Goodwill and Investments
The Company tests annually whether goodwill or investments has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash generating units and investments have been determined based on value in use calculations. These calculations require the use of estimates.

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.

Agency relationship
The Company was party to an agreement with an agent to supply school wear in overseas markets, this agreement ceased in February 2021. The Company has determined that it acts as principal in respect of the ultimate sale to the end customer. If the Company had treated the agent as the principal in those sales, revenue for the year ended 31 December 2021 would have been £70,000 (2020: £629,000) lower than that presented in these financial statements. There would be no change to net assets or profit for the period had this alternative treatment been adopted.

Notes to the financial statements *(continued)*

23 Accounting estimates and judgements *(continued)*

Hedge accounting
The Company hedge accounts for stock purchases made in US Dollars. There is significant management judgement involved in forecasting the level of dollar purchases to be made within the period that the forward hedge has been bought for.

Management take the view that no more than 80% of the operational hedging in place can be subject to hedge accounting, due to forecast uncertainties, and assess every forward hedge taken out on inception to consider if that figure should be reduced further by considering general purchasing trends, and discussion of specific purchasing decisions.