DIRECTORS' REPORT

- **Internal Controls**

The Audit Committee reviews a report of the key risks facing the business and the effectiveness of the controls in place to manage those risks. This report is prepared bi-annually on a bottom up basis throughout the Group. Major risks are categorised into business, financial and operational risks and further details are set out in the Strategic Report section of the Annual Report. The Audit Committee was satisfied that the key controls has operated effectively during the year.

- **Internal Audit**

The Group does not have an internal audit department and the need for an internal audit function is reviewed annually. Given the relatively small size and scope of the Group's activities the Audit Committee concluded that no internal audit function is necessary at the present time.

- **External Auditor**

The Group's external auditor BDO LLP has reported to the Audit committee that in its professional judgement it is independent within the meaning of regulatory and professional requirements and after due consideration the Audit Committee concurs with that view. A resolution to reappoint BDO LLP as external auditors will be proposed at the company's AGM in September.

Streamlined Energy and Carbon Reporting

The aim of SECR is to increase awareness of energy costs within organisations and provide data to inform the adoption of energy efficiency measures which reduce their impact on climate change.

The Group's UK energy usage is expressed below as an annual quantity of emissions in tonnes of carbon dioxide equivalent (CO_2e). The amounts disclosed under SECR relate to the total UK energy use from electricity, gas and from transport where fuel is purchased directly by the Group. It is important to point out that transport does not include emissions where the Group pays indirectly for fuel consumption. As a distribution business the Group uses third party logistics companies for all inbound and outbound deliveries.

Energy emissions are divided into three categories:

1. Direct greenhouse gas emissions from UK activities owned or controlled by the Group that release emissions into the atmosphere such as gas heating and fuel for company owned vehicles (scope 1)

2. Indirect greenhouse gas emissions from UK consumption of purchased electricity (scope 2)

3. Other indirect greenhouse gas emissions resulting from UK activities where the source is not directly owned or controlled by the Group such as business travel in private cars (scope 3)

The data used to measure annual gas and electricity emissions is taken directly from utility bills during the year and pro-rated where appropriate. For company vehicles emissions are based on the size, fuel type and annual mileage of each company car during the year. The conversion rates used to calculate CO_2e vary according to the type of energy and vehicle and are taken from the UK Government GHG conversion factors for company reporting Version 1.0 2021.

DIRECTORS' REPORT

	2021	2020	% inc/(dec)
Scope 1 emissions in tonnes of CO2e			
Gas consumption – KWh to CO2e conversion rate used 0.18316 (prior year 0.18385)	**169.40**	145.48	16%
Owned transport – motor vehicles (conversion rate used varies by vehicle)	**76.58**	92.51	-17%
Scope 2 emissions in Kg of CO2			
Purchased electricity – conversion rate used 0.21233 kg/kWh (prior year 0.2556)	**101.08**	110.89	-9%
Scope 3 emissions in Kg CO2 (not material)	**–**	–	–
Total gross emissions in tonnes of CO2e	**347.06**	348.88	-1%
Intensity ratio – tonnes of CO2e per UK full time employee	**1.71**	1.67	2%

The intensity ratio is used to measure the efficiency of the Group's UK carbon emissions. The Group is keen to reduce its carbon footprint wherever possible and will continue to strive for efficiency improvements. During the year the Group installed smart lighting in all the common areas of its head office and increased the number of hybrid vehicles in its UK fleet.

Going Concern

The Group ended the year with a strong balance sheet comprising net assets of £31.1 million including cash of £19.3 million and no bank borrowings. At the start of the Covid-19 pandemic there was considerable uncertainty about how trading would be affected by the lockdowns but the Board now believes the lockdowns are responsible for an increase in housing market activity and spending on the home, and currently the Group is experiencing strong demand in all areas of the business.

The Directors have prepared detailed profit and cash flow forecasts for each subsidiary covering a period of at least twelve months from the date of approving the financial statements and taking into account all of the principal risks and uncertainties facing the business. The forecasts have been stress tested by considering the profit and cash flow impact of a range of sales scenarios up to a maximum shortfall of 40% compared to the forecast. Even under the worst case scenario the Group has significant headroom in terms of cash resources and has no need for any bank borrowing. As a result the Directors are satisfied that the Group has adequate resources and that there is no material uncertainty that would prevent the Group from continuing in operational existence for the foreseeable future, and they have therefore adopted the going concern basis in preparing the consolidated financial statements for the year ended 30 April 2021.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO LLP as auditors will be put to the members at the Annual General Meeting.

Annual General Meeting

This year's Annual General Meeting is due to take place on 23 September 2021. Further details and guidance can be found at note 1 to the notice of Annual General Meeting.

R. M. Barker

By order of the Board
R. M. Barker BSc ACA Secretary
11 August 2021