Registered number: 00384654

DAYLA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

COMPANY INFORMATION

Directors	T J Cooper P B Lapham D Cooper J Lapham
Company secretary	P B Lapham
Registered number	00384654
Registered office	Unit 2, 50 Aylesbury Road Aston Clinton Aylesbury Buckinghamshire HP22 5AH
Independent auditors	Hillier Hopkins LLP Chartered Accountants 249 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1NA

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2023

Introduction

The directors present the strategic report for the Company for the year ended 31 January 2023.

Business review

The principal activity of the business continued to be the factoring of beers, wines, spirits, ciders, soft drinks and snacks supplying predominantly the Hospitality Sector.

We aim to provide a comprehensive and balanced view of our business performance during the year and its position at the year end but consistent with the size and uncomplex nature thereof.

This year represented the first full trading year since the year ending 31st January 2020. The bounce back of the previous year continued with very healthy growth resulting in an increase of + 51.4% (2022 + 118%) in turnover against the full year ending January 2022. Gross Profit grew to 22.7% versus 21.8% in the previous year. Growth geographically in all areas of the business was very encouraging.

During this first full year of trading since 2020, the Company continued to grow once again in all drink categories, notably Craft Beer, Draught Beer and Spirits and its overall aim of winning a bigger share of supply within its customers base once again continues to be its main focus. Service at all levels also continues to be of paramount importance and this will be key in winning new contracts and maintaining existing business.

The Company continues to invest in Information Technology in order to give it a competitive edge and the development of on line ordering has brought added efficiency. This will be a key driver for the future.

The ongoing development of its Technical Services division continues to add new contracts and give the business a competitive edge since it is truly unique only to the Company. Post balance sheet this division has been relocated in readiness for a renewed target of growth in the Post Mix side of the business.

Stock Management and Credit Control continue to be main focus areas for the business.

The Directors have carefully considered the likely ongoing impact of the aftermath of COVID on the business and based on the strength of the balance sheet, its large cash reserves and ability to adapt quickly, the Directors are satisfied that the Company is in a strong position to face the challenges and uncertainty ahead.

Principal risks and uncertainties

The Company is exposed to a variety of commercial risks. These could range from the wider effects of the general economy and external competition to those more specific to the Company, such as its own financial strength and size. The Board regularly review these risks and their potential impact on the company.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Financial key performance indicators

The key performance indicators which we consider to be relevant to the financial performance and strength of the Company are as follows:

Overall operating profit has increased in 2023 to £2,768,783 (2022: £1,436,807), profit before tax has increased to £2,713,119 (2022: £1,397,132) and EBITDA has increased to £3,215,852 (2022: £1,838,615).

The Company has declared a dividend of £50,000 during the year ended 2023 (2022: £100,000).

The return on capital employed over the two years was as follows:

2023: 30.9%

2022: 22.0%

This is calculated as profit before interest, tax and exceptional costs (redundancy costs), divided by capital employed (total assets less current liabilities excluding overdrafts and short term orrowings).

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

....
T J Cooper
Director
Date: 30 June 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2023

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

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £2,191,041 *(2022 - £1,187,560)*.

The directors have recommended a dividend of £50,000 during the year (2022 - £100,000).

Directors

The directors who served during the year were:

T J Cooper
P B Lapham
D Cooper
J Lapham

Future developments

The Company continues to see acquisition as the way forward as consolidation within the fiercely competitive marketplace takes shape. Equally the Company intends on looking at vertically integrated options within the On Trade Licensed sector.

Due to the significant growth in turnover and number of customers as well as products, the Company has taken the decision to add extra storage facilities to see it through the next 5 years, at which point relocation to a single multi-purpose site is the overall aim to be able to progress more organic development as well as any strategic geographic acquisitions.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Disclosure of information to auditors

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

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

Auditors

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

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

....
T J Cooper
Director

Date: 30 June 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYLA LIMITED

Opinion

We have audited the financial statements of Dayla Limited (the 'Company') for the year ended 31 January 2023, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;

- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management, about their own identification and assessment of the risks of irregularities;

- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYLA LIMITED (CONTINUED)

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Neal Carter ACA (Senior Statutory Auditor)
for and on behalf of
Hillier Hopkins LLP
Chartered Accountants
249 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1NA

4 July 2023

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £	2022 £
Turnover	4	46,327,393	30,589,376
Cost of sales		(35,816,894)	(23,914,105)
Gross profit		10,510,499	6,675,271
Distribution costs		(5,670,951)	(3,995,544)
Administrative expenses		(2,070,765)	(1,680,379)
Other operating income	5	-	437,459
Operating profit	6	2,768,783	1,436,807
Interest receivable and similar income	10	31,917	5,136
Interest payable and similar expenses	11	(87,581)	(44,811)
Profit before tax		2,713,119	1,397,132
Tax on profit	12	(522,078)	(209,572)
Profit after tax		2,191,041	1,187,560
Retained earnings at the beginning of the year		6,156,139	5,068,579
Profit for the year		2,191,041	1,187,560
Dividends declared and paid		(50,000)	(100,000)
Retained earnings at the end of the year		8,297,180	6,156,139

The notes on pages 12 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	15		**1,312,040**		*1,008,241*
			1,312,040		*1,008,241*
Current assets					
Stocks	16	**1,584,374**		*1,357,562*	
Debtors: amounts falling due after more than one year	17	**12,378**		-	
Debtors: amounts falling due within one year	17	**3,184,633**		*2,122,708*	
Cash at bank and in hand	18	**9,334,651**		*8,019,402*	
		14,116,036		*11,499,672*	
Creditors: amounts falling due within one year	19	**(6,461,560)**		*(5,904,295)*	
Net current assets			**7,654,476**		*5,595,377*
Total assets less current liabilities			**8,966,516**		*6,603,618*
Creditors: amounts falling due after more than one year	20		**(368,583)**		*(293,569)*
Provisions for liabilities					
Deferred tax	22		**(286,253)**		*(139,410)*
Net assets			**8,311,680**		*6,170,639*
Capital and reserves					
Called up share capital	23		**10,500**		*10,500*
Other reserves	24		**4,000**		*4,000*
Profit and loss account	24		**8,297,180**		*6,156,139*
			8,311,680		*6,170,639*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JANUARY 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

....

T J Cooper
Director
Date: 30 June 2023

The notes on pages 12 to 27 form part of these financial statements.

1. General information

Dayla Limited is a Company limited by shares, incorporated in England and Wales within the United Kingdom. The address of the registered office is Unit 2, 50 Aylesbury Road, Aston Clinton, Aylesbury, Buckinghamshire, HP22 5AH.

The principal activity of the Company is factoring of beers, spirits, wines, ciders and soft drinks.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Dayla Holdings Limited as at 31 January 2023 and these financial statements may be obtained from Unit 2, 50 Aylesbury Road, Aston Clinton, Aylesbury, Buckinghamshire, HP22 5AH.

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

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

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Current and deferred taxation

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

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

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

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

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

2. Accounting policies (continued)

2.12 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life, of 5 years.

2.13 Intangible assets

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

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

2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 10%, 20% and 33% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 10% straight line

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are valued at the lower of costs and net realisable value after making due allowance for obsolete and slow-moving stocks.

2. Accounting policies (continued)

2.17 Debtors

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

2.18 Cash and cash equivalents

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

2.19 Creditors

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

2.20 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.21 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Debtors:

The recoverability of debtors has been assessed at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgement of all the available information, and their experience of the specific nature of the debtor in question.

Depreciation:

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

Stock:

Stock is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at year end, and the expected sales of such items in the immediate period post year end.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Other operating income

	2023	*2022*
	£	*£*
Government grants receivable - Furlough scheme	**-**	*431,909*
Government grants receivable - Restriction grant	**-**	*5,550*
	-	*437,459*

6. Operating profit

The operating profit is stated after charging:

	2023	*2022*
	£	*£*
Other operating lease rentals	**120,891**	*82,943*

7. Auditors' remuneration

	2023	*2022*
	£	*£*
Fees payable to the Company's auditors and its associates for the audit of the Company's financial statements	**10,450**	*11,500*

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

8. Employees

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

	2023 £	*2022 £*
Wages and salaries	**4,682,711**	*3,438,753*
Social security costs	**486,155**	*353,931*
Cost of defined contribution scheme	**118,342**	*109,694*
	5,287,208	*3,902,378*

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

	2023 No.	*2022 No.*
Administration	**14**	*11*
Sales	**25**	*24*
Distribution	**95**	*69*
Dispense	**6**	*9*
	140	*113*

9. Directors' remuneration

	2023 £	*2022 £*
Directors' emoluments	**361,890**	*245,567*
Company contributions to defined contribution pension schemes	**12,144**	*10,560*
	374,034	*256,127*

During the year retirement benefits were accruing to 3 directors *(2022 - 3)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £112,766 *(2022 - £91,034)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,132 *(2022 - £2,340)*.

10. Interest receivable

	2023	2022
	£	£
Other interest receivable	31,917	5,136

11. Interest payable and similar expenses

	2023	2022
	£	£
Other loan interest payable	67,094	26,473
Finance leases and hire purchase contracts	20,487	18,338
	87,581	44,811

Disclosure of other loans is made in note 28.

12. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	377,342	241,930
Adjustments in respect of previous periods	(2,107)	(9,345)
Total current tax	375,235	232,585
Deferred tax		
Origination and reversal of timing differences	146,843	(23,013)
Total deferred tax	146,843	(23,013)
Taxation on profit on ordinary activities	522,078	209,572

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2023	*2022*
	£	*£*
Profit on ordinary activities before tax	**2,713,119**	*1,397,132*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**515,493**	*265,455*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**5,426**	*2,688*
Capital allowances for year in excess of depreciation	**32,660**	*(13,496)*
Utilisation of tax losses	**-**	*(380)*
Adjustments to tax charge in respect of prior periods	**(2,107)**	*(9,345)*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(27,737)**	*(27,737)*
Changes in provisions leading to an increase (decrease) in the tax charge	**(1,657)**	*(7,613)*
Total tax charge for the year	**522,078**	*209,572*

Factors that may affect future tax charges

Legislation will be introduced in Finance Bill 2021 to set the charge to Coroporation Tax and set the main rate of Corporation Tax for all non-ring fence profit to 19% for Financial Year 2022 and to set the charge to Corporation Tax and set the main rate at 25% for Financial Year 2023.

Legislation will also introduce a small profits rate and will set this at 19%. The small profits rate will apply to profits below the lower limit of £50,000 and profits exceeding the upper limit of £250,000 will be charged at the main rate. The thresholds that apply for determining whether a company is chargeable at the small ring fence profits rate at s279E Corporation Tax Act 2010 will be aligned with these limits.

13. Dividends

	2023	*2022*
	£	*£*
Dividends	**50,000**	*100,000*

14. Intangible assets

	Goodwill
	£
Cost	
At 1 February 2022	**466,860**
At 31 January 2023	**466,860**
Amortisation	
At 1 February 2022	**466,860**
At 31 January 2023	**466,860**
Net book value	
At 31 January 2023	-
At 31 January 2022	-

15. Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 February 2022	**1,758,045**	**2,723,732**	**224,587**	**4,706,364**
Additions	**115,258**	**649,270**	**22,066**	**786,594**
Disposals	**(67,050)**	**(222,824)**	**-**	**(289,874)**
At 31 January 2023	**1,806,253**	**3,150,178**	**246,653**	**5,203,084**
Depreciation				
At 1 February 2022	**1,538,573**	**2,001,543**	**158,007**	**3,698,123**
Charge for the year on owned assets	**101,038**	**142,496**	**17,525**	**261,059**
Charge for the year on financed assets	**-**	**186,010**	**-**	**186,010**
Disposals	**(59,588)**	**(194,560)**	**-**	**(254,148)**
At 31 January 2023	**1,580,023**	**2,135,489**	**175,532**	**3,891,044**
Net book value				
At 31 January 2023	**226,230**	**1,014,689**	**71,121**	**1,312,040**
At 31 January 2022	*219,472*	*722,189*	*66,580*	*1,008,241*

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

	2023	*2022*
	£	*£*
Motor vehicles	**504,017**	*407,335*

16. Stocks

	2023	*2022*
	£	*£*
Finished goods and goods for resale	**1,584,374**	*1,357,562*

Stock recognised in cost of sales during the year as an expense was £35,578,501 *(2022 - £23,909,860)*.

An impairment loss of £nil *(2022 - £nil)* was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	2023	*2022*
	£	*£*
Due after more than one year		
Prepayments and accrued income	**12,378**	*-*

	2023	*2022*
	£	*£*
Due within one year		
Trade debtors	**2,723,131**	*1,799,796*
Other debtors	**422,483**	*280,375*
Prepayments and accrued income	**39,019**	*42,537*
	3,184,633	*2,122,708*

18. Cash and cash equivalents

	2023	*2022*
	£	*£*
Cash at bank and in hand	**9,334,651**	*8,019,402*

19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	2,790,672	2,509,014
Amounts owed to group undertakings	1,595,834	1,614,956
Corporation tax	245,713	26,655
Other taxation and social security	540,712	474,422
Obligations under finance lease and hire purchase contracts	217,548	166,843
Other creditors	1,016,508	1,013,160
Accruals and deferred income	54,573	99,245
	6,461,560	5,904,295

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

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	361,083	286,069
Share capital treated as debt	7,500	7,500
	368,583	293,569

Disclosure of the terms and conditions attached to the non-equity shares is made in note 23.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	217,548	166,834
Between 1-5 years	361,083	286,069
	578,631	452,903

Hire purchase contracts and finance leases are secured on the assets under lease.

22. Deferred taxation

	2023	2022
	£	£
At beginning of year	139,410	162,423
Charged to profit or loss	146,843	(23,013)
At end of year	**286,253**	139,410

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	286,253	139,410

23. Share capital

	2023	2022
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
10,500 *(2022 - 10,500)* Ordinary shares of £1.00 each	10,500	10,500

	2023	2022
	£	£
Shares classified as debt		
Allotted, called up and fully paid		
7,500 *(2022 - 7,500)* Preference shares of £1.00 each	7,500	7,500

The holders of the Preference Shares treated as debt have no right to attend meetings or to vote unless their dividend is 12 months in arrears. The Preference Shares are preferential with regard to payment of dividends and repayment of capital in the event of winding up.

24. Reserves

Other reserves

Other reserves represents reserves provided for by the Articles of Association.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £118,162 (2022: £109,694). Contributions totalling £nil (2022: £18,373) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

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

	2023	*2022*
	£	*£*
Not later than 1 year	**78,882**	*23,965*
Later than 1 year and not later than 5 years	**245,345**	*16,755*
	324,227	*40,720*

27. Related party transactions

At the year end the following balances included in other creditors were due to the Company's shareholders and directors £941,900 (2022: £947,048). Interest charged on these loans accounts totalled £67,094 (2022: £26,473).

The Company declared a dividend of £50,000 during the year ended 2023, £49,524 to Dayla Holdings Limited and £476 to the remaining shareholders (2022: £99,048 to Dayla Holdings and £952 to the remaining shareholders).

28. Controlling party

The Company's ultimate parent company is Dayla Holdings Limited. Dayla Holdings Limited is controlled by T J Cooper by virtue of a majority shareholding.