

Company Registration No. 12105260 (England and Wales)

V STELL & SONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

V STELL & SONS LIMITED

COMPANY INFORMATION

Directors S A Stell (Appointed 16 July 2019)
 S V Stell (Appointed 16 July 2019)

Company number 12105260

Registered office Riverside Business Park
 Royd Ings Avenue
 Keighley
 BD21 4AF

Auditor BHP LLP
 New Chartford House
 Centurion Way
 Cleckheaton
 Bradford
 West Yorkshire
 BD19 3QB

V STELL & SONS LIMITED

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V STELL & SONS LIMITED**STRATEGIC REPORT****FOR THE PERIOD ENDED 31 MARCH 2020**

The directors present the strategic report for the period ended 31 March 2020. The company was incorporated on 16 July 2019 to facilitate a group reorganisation. The company acquired its subsidiary on 18 July and the results reflect the trade from that date.

Fair review of business and future developments

Despite a slight softening of sales, primarily due to uncertainty around Brexit, underlying profitability actually increased again this year. Gross margins however remain under pressure with increases in labour, transport and raw materials costs, but these have been offset through various productivity initiatives. The group continued to trade throughout the Covid-19 lockdown, albeit at a reduced output, but was able to supply key industries throughout the pandemic.

Principal risks and uncertainties

Obviously, Covid-19 presents the biggest challenge to the group by far. However, after initially experiencing lower customer demand, the group has seen a steady increase and is now close to 'pre-Covid' levels. The group has been able to adapt to the changing demands of the many markets it operates in and has also been exploring alternative revenue streams as it continues to flourish.

Key performance indicators

	Unit	2020
Turnover growth / (decrease)	%	(2)
Profit before tax	£	417,840
Return on capital employed	%	10

V STELL & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

Financial instruments and future developments

Objectives and policies

The group utilises appropriate financial instruments in order to carry out its business activities in an effective manner.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors and loans to the business. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

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

Loans comprise loans from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

On behalf of the board

S A Stell
Director

22 September 2020

V STELL & SONS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the period ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of an investment holding company while the principal activity of the subsidiary continued to be that of the manufacture of paper tubes and centres.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S A Stell	(Appointed 16 July 2019)
S V Stell	(Appointed 16 July 2019)

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure 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 of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

S A Stell
Director

22 September 2020

V STELL & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group 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 accounting 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;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

V STELL & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF V STELL & SONS LIMITED

Opinion

We have audited the financial statements of V Stell & Sons Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 state of the group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

V STELL & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF V STELL & SONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

V STELL & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF V STELL & SONS LIMITED

Use of our report

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

Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP

22 September 2020

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

V STELL & SONS LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020**

	Notes	Period ended 31 March 2020 £
Turnover	3	6,827,543
Cost of sales		(4,505,908)
Gross profit		<u>2,321,635</u>
Administrative expenses		(1,799,146)
Other operating income		18,764
Operating profit	4	<u>541,253</u>
Interest payable and similar expenses	7	(94,759)
Profit before taxation		<u>446,494</u>
Tax on profit	8	(60,917)
Profit for the financial period		<u><u>385,577</u></u>

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

V STELL & SONS LIMITED**GROUP BALANCE SHEET****AS AT 31 MARCH 2020**

	Notes	2020	
		£	£
Fixed assets			
Tangible assets	10		5,773,244
Current assets			
Stocks	14	661,457	
Debtors	15	1,771,049	
Cash at bank and in hand		774	
		<u>2,433,280</u>	
Creditors: amounts falling due within one year	16	<u>(2,932,154)</u>	
Net current liabilities			<u>(498,874)</u>
Total assets less current liabilities			5,274,370
Creditors: amounts falling due after more than one year	17		(1,908,581)
Provisions for liabilities	20		<u>(110,000)</u>
Net assets			<u><u>3,255,789</u></u>
Capital and reserves			
Called up share capital	22		212
Share premium account			2,870,000
Profit and loss reserves			<u>385,577</u>
Total equity			<u><u>3,255,789</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 September 2020 and are signed on its behalf by:

S A Stell
Director

V STELL & SONS LIMITED**COMPANY BALANCE SHEET****AS AT 31 MARCH 2020**

	Notes	2020	
		£	£
Fixed assets			
Investments	11		3,243,285
Current assets			
Cash at bank and in hand		212	
Creditors: amounts falling due within one year	16	(3,285)	
Net current liabilities			(3,073)
Total assets less current liabilities			3,240,212
Capital and reserves			
Called up share capital	22		212
Share premium account			2,870,000
Profit and loss reserves			370,000
Total equity			3,240,212

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £370,000.

The financial statements were approved by the board of directors and authorised for issue on 22 September 2020 and are signed on its behalf by:

S A Stell
Director

Company Registration No.

V STELL & SONS LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020**

	Notes	Share capital £	Share premium loss reserves account £	Profit and reserves £	Total £
Period ended 31 March 2020:					
Profit and total comprehensive income for the period		-	-	385,577	385,577
Issue of share capital	22	212	-	-	212
Other movements		-	2,870,000	-	2,870,000
Balance at 31 March 2020		<u>212</u>	<u>2,870,000</u>	<u>385,577</u>	<u>3,255,789</u>

V STELL & SONS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020**

	Notes	Share capital £	Share premium loss reserves account £	Profit and reserves £	Total £
Period ended 31 March 2020:					
Profit and total comprehensive income for the period		-	-	370,000	370,000
Issue of share capital	22	212	-	-	212
Other movements		-	2,870,000	-	2,870,000
Balance at 31 March 2020		212	2,870,000	370,000	3,240,212

V STELL & SONS LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2020**

	Notes	2020	
		£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	25		859,066
Interest paid			(94,759)
Income taxes refunded/(paid)			49,083
			<u>813,390</u>
Net cash inflow/(outflow) from operating activities			
Investing activities			
Goodwill on acquisition		150,524	
Purchase of tangible fixed assets		(70,810)	
Cost of tangibles at acquisition		(9,678,361)	
Depreciation of tangibles at acquisition		3,728,048	
			<u>(5,870,599)</u>
Net cash used in investing activities			
Financing activities			
Proceeds from issue of shares		2,870,212	
Repayment of loans		(99,983)	
Bank loans on acquisition		1,887,892	
Hire purchase obligations on acquisition		510,525	
Payment of finance leases obligations		(112,750)	
			<u>5,055,896</u>
Net cash generated from/(used in) financing activities			
Net (decrease)/increase in cash and cash equivalents			<u>(1,313)</u>
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			<u><u>(1,313)</u></u>
Relating to:			
Cash at bank and in hand			774
Bank overdrafts included in creditors payable within one year			<u>(2,087)</u>

V STELL & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies

Company information

V Stell & Sons Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Riverside Business Park, Royd Ings Avenue, Keighley, BD21 4AF.

The group consists of V Stell & Sons Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

V STELL & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of V Stell & Sons Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Stell Cardboard Tubes Limited, and its 100% subsidiary J Stell & Sons Limited, has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Stell Cardboard Tubes Limited and J Stell & Sons Limited for the 8.5 month period from its acquisition on 18 July 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

The Directors have considered the impact of COVID-19 on the Group's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Directors are confident that they have in place plans to deal with any financial losses that may arise. Such plans include, but are not limited to fully utilising the support that has been made available by the government in relation to staff costs and payment deferral of taxation.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****1 Accounting policies****(Continued)****1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Plant and equipment	Between 2% and 20% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

V STELL & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020**

1 Accounting policies**(Continued)****1.11 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020**

1 Accounting policies**(Continued)*****Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020**

1 Accounting policies**(Continued)*****Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****1 Accounting policies (Continued)****1.19 Research and development**

Research and development expenditure is written off as incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue**2020**

£

Turnover analysed by class of business

Sale of goods	6,827,543
---------------	-----------

2020

£

Other significant revenue

Grants received	18,764
-----------------	--------

2020

£

Turnover analysed by geographical market

United Kingdom	6,827,543
----------------	-----------

4 Operating profit**2020**

£

Operating profit for the period is stated after charging/(crediting):

Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,124)
Government grants	(18,764)
Depreciation of owned tangible fixed assets	247,879
Depreciation of tangible fixed assets on acquisition	3,728,048
Amortisation of intangible assets	(150,524)

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****5 Auditor's remuneration**

	2020
	£
Fees payable to the company's auditor and associates:	
For audit services	
Audit of the financial statements of the group and company	-
Audit of the financial statements of the company's subsidiaries	5,858
	<u>5,858</u>
For other services	
Other assurance services	3,585
Taxation compliance services	735
All other non-audit services	18,550
	<u>22,870</u>
	<u>22,870</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2020 Number	Company 2020 Number
	89	-
	13	-
	5	-
	<u>107</u>	<u>-</u>
Total	<u>107</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	Company 2020 £
Wages and salaries	1,931,768	-
Social security costs	162,117	-
Pension costs	96,568	-
	<u>2,190,453</u>	<u>-</u>
	<u>2,190,453</u>	<u>-</u>

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020**

7	Interest payable and similar expenses	2020
		£
	Interest on bank overdrafts and loans	43,677
	Interest on invoice finance arrangements	39,314
	Interest on finance leases and hire purchase contracts	11,768
	Total finance costs	<u>94,759</u>
8	Taxation	2020
		£
	Deferred tax	
	Origination and reversal of timing differences	60,917
		<u>60,917</u>
	The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:	
		2020
		£
	Profit before taxation	446,494
		<u>446,494</u>
	Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	84,834
	Change in unrecognised deferred tax assets	(23,917)
		<u>60,917</u>
	Taxation charge	<u>60,917</u>

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****9 Intangible fixed assets**

Group	Negative goodwill £
Cost	
At 16 July 2019	-
Additions	(150,524)
	<hr/>
At 31 March 2020	(150,524)
	<hr/>
Amortisation and impairment	
At 16 July 2019	-
Amortisation charged for the period	(150,524)
	<hr/>
At 31 March 2020	(150,524)
	<hr/>
Carrying amount	
At 31 March 2020	-
	<hr/> <hr/>

The company had no intangible fixed assets at 31 March 2020.

More information on the impairment arising in the period is given in note .

10 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 16 July 2019	-	-	-	-
Additions	-	70,810	-	70,810
Business combinations	4,054,088	5,609,608	14,665	9,678,361
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	4,054,088	5,680,418	14,665	9,749,171
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 16 July 2019	-	-	-	-
Depreciation charged in the period	-	247,879	-	247,879
Business combinations	20,902	3,692,481	14,665	3,728,048
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	20,902	3,940,360	14,665	3,975,927
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 March 2020	4,033,186	1,740,058	-	5,773,244
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company had no tangible fixed assets at 31 March 2020.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020****11 Fixed asset investments**

	Notes	Group 2020 £	Company 2020 £
Investments in subsidiaries	12	-	3,243,285

**Movements in fixed asset investments
Company**

	Shares in group undertakings £
Cost or valuation	
At 16 July 2019	-
Additions	3,243,285
At 31 March 2020	3,243,285
Carrying amount	
At 31 March 2020	3,243,285

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Stell Cardboard Tubes Limited	United Kingdom	Ordinary	100.00	-
J. Stell & Sons, Limited	United Kingdom	Ordinary	0	100.00

13 Financial instruments

	Group 2020 £	Company 2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,715,626	n/a
Carrying amount of financial liabilities		
Measured at amortised cost	4,549,470	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****14 Stocks**

	Group 2020 £	Company 2020 £
Raw materials and consumables	476,512	-
Work in progress	104,048	-
Finished goods and goods for resale	80,897	-
	<u>661,457</u>	<u>-</u>

15 Debtors

	Group 2020 £	Company 2020 £
Amounts falling due within one year:		
Trade debtors	1,715,625	-
Other debtors	1	-
Prepayments and accrued income	55,423	-
	<u>1,771,049</u>	<u>-</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	Company 2020 £
Bank loans and overdrafts	18	143,811	-
Obligations under finance leases	19	135,379	-
Trade creditors		899,637	-
Amounts owed to group undertakings		-	3,285
Other taxation and social security		291,265	-
Other creditors		1,345,574	-
Accruals and deferred income		116,488	-
		<u>2,932,154</u>	<u>3,285</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	Company 2020 £
Bank loans and overdrafts	18	1,646,185	-
Obligations under finance leases	19	262,396	-
		<u>1,908,581</u>	<u>-</u>

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****17 Creditors: amounts falling due after more than one year (Continued)**

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,079,288	-
	<u> </u>	<u> </u>

18 Loans and overdrafts

	Group 2020 £	Company 2020 £
Bank loans	1,787,909	-
Bank overdrafts	2,087	-
	<u> </u>	<u> </u>
	1,789,996	-
	<u> </u>	<u> </u>
Payable within one year	143,811	-
Payable after one year	1,646,185	-
	<u> </u>	<u> </u>

The bank borrowings are secured by a fixed charge over all present freehold and leasehold property; a fixed charge over book and other debts, goodwill and uncalled chattels both present and future; a floating charge over all assets and undertakings both present and future together with an unlimited multilateral guarantee given by the holding company and fellow subsidiary company.

The group has a flexible business loan with HSBC of £442,953. The loan is repayable over the period until 2030 and the interest rate on the loan is 2.1% above the Bank of England base rate. The group also has a commercial mortgage with HSBC of £1,344,956. The mortgage is repayable over the period until 2030 and the interest rate on the mortgage is a fixed 3.41% for five years, before reverting to 2.1% above the Bank of England base rate.

19 Finance lease obligations

	Group 2020 £	Company 2020 £
Future minimum lease payments due under finance leases:		
Within one year	135,380	-
In two to five years	262,395	-
	<u> </u>	<u> </u>
	397,775	-
	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases and hire purchase agreements are secured on the assets to which they relate.

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****20 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2020 £
Tax losses	110,000
	<u> </u>

The company has no deferred tax assets or liabilities.

Movements in the period:	Group 2020 £	Company 2020 £
Asset at 16 July 2019	-	-
Charge to profit or loss	86,000	-
Transfer on acquisition	24,000	-
	<u> </u>	<u> </u>
Liability at 31 March 2020	110,000	-
	<u> </u>	<u> </u>

21 Retirement benefit schemes

Defined contribution schemes	2020 £
Charge to profit or loss in respect of defined contribution schemes	96,568
	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £29,082 were payable to the scheme at the end of the period and are included in creditors.

22 Share capital

Ordinary share capital Issued and fully paid	Group and company 2020 £
19,212 Ordinary A shares of 1p each	192
2,000 Ordinary B shares of 1p each	20
	<u> </u>
	212
	<u> </u>

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****23 Operating lease commitments**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	Company 2020 £
Within one year	36,806	-
Between two and five years	24,843	-
	<u>61,649</u>	<u>-</u>

24 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2020 £
Aggregate compensation	221,574

25 Cash generated from/(absorbed by) group operations

	2020 £
Profit for the period after tax	385,577
Adjustments for:	
Taxation charged	60,917
Finance costs	94,759
Amortisation and impairment of intangible assets	(150,524)
Depreciation and impairment of tangible fixed assets	247,879
Movements in working capital:	
Increase in stocks	(661,457)
Increase in debtors	(1,771,049)
Increase in creditors	2,652,964
Cash generated from/(absorbed by) operations	<u>859,066</u>

V STELL & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2020****26 Analysis of changes in net debt - group**

	16 July 2019	Cash flows	New finance leases	31 March 2020
	£	£	£	£
Cash at bank and in hand	-	774	-	774
Bank overdrafts	-	(2,087)	-	(2,087)
	-	(1,313)	-	(1,313)
Borrowings excluding overdrafts	-	(1,787,909)	-	(1,787,909)
Obligations under finance leases	-	112,750	(510,525)	(397,775)
	-	(1,676,472)	(510,525)	(2,186,997)

