Company Registration No. 12105260 (England and Wales)

V STELL & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

V STELL & SONS LIMITED

COMPANY INFORMATION

Directors	S A Stell S V Stell
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 YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of business and future developments

Despite the initial sharp drop in sales due to Covid -19, demand increased steadily over the summer months and further strengthened in the second half of the year resulting in a slight reduction versus the previous year. Underlying profit increased again this year. Gross margins continue to be challenged due to increasing input costs, namely raw materials, labour and transport. The combination of the effects of Covid-19 and Brexit have resulted in raw material prices showing step change increases in the last few months of the year, some of these increases were offset through a continued focus on productivity improvements. The business continued to trade throughout the lockdowns and was able to supply key industries throughout the pandemic.

In order to drive sales growth, the business purchased a small competitor and integrated it into its existing operation in Keighley.

Principal risks and uncertainties

As the country emerges from the pandemic there is still an ongoing risk of further restrictions, which could have an impact on our customers demand and our ability to supply but this risk appears to reduce as time passes and the vaccination programme takes effect. However, the biggest challenge the business faces, by far, is the impact of unprecedented increases in raw material prices and the knock-on effect it has on our own pricing strategy. To compound this, there remains a lot of uncertainty around the outlook for raw material prices for the rest of this year.

Key performance indicators

	Unit	**2021**	**2020**
Turnover growth / (decrease)	%	(5)	(2)
Profit before tax	£	520,967	417,840
Return on capital employed	%	11	10

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

20 October 2021

V STELL & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

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.

Results and dividends

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

Ordinary dividends were paid amounting to £100,002. The directors do not recommend payment of a further dividend.

Directors

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

S A Stell
S V Stell

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

20 October 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and 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.

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 year ended 31 March 2021 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 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical 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 group's and parent 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 auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

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 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 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 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 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.

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.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of client's operation of controls within the year, in particular IT infrastructure and manual journals, review of provisions, in particular stock and bad debt provisions, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

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

21 October 2021

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 YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £	Period ended 31 March 2020 £
Turnover	**3**	9,169,789	6,827,543
Cost of sales		(6,020,393)	(4,505,908)
Gross profit		3,149,396	2,321,635
Administrative expenses		(2,823,271)	(1,799,146)
Other operating income		287,823	18,764
Operating profit	**4**	613,948	541,253
Interest payable and similar expenses	**7**	(92,981)	(94,759)
Profit before taxation		520,967	446,494
Tax on profit	**8**	(100,000)	(60,917)
Profit for the financial year		420,967	385,577

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

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

V STELL & SONS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Goodwill	**10**		98,000		-
Tangible assets	**11**		5,601,961		5,773,244
			5,699,961		5,773,244
Current assets					
Stocks	**15**	647,872		661,457	
Debtors	**16**	1,839,154		1,771,049	
Cash at bank and in hand		58,095		774	
		2,545,121		2,433,280	
Creditors: amounts falling due within one year	**17**	(2,686,696)		(2,932,154)	
Net current liabilities			(141,575)		(498,874)
Total assets less current liabilities			5,558,386		5,274,370
Creditors: amounts falling due after more than one year	**18**		(1,771,632)		(1,908,581)
Provisions for liabilities					
Deferred tax liability	**21**	210,000		110,000	
			(210,000)		(110,000)
Net assets			3,576,754		3,255,789
Capital and reserves					
Called up share capital	**23**		212		212
Share premium account			2,870,000		2,870,000
Profit and loss reserves			706,542		385,577
Total equity			3,576,754		3,255,789

The financial statements were approved by the board of directors and authorised for issue on 20 October 2021 and are signed on its behalf by:

S A Stell
Director

V STELL & SONS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	**12**		3,243,285		3,243,285
Current assets					
Cash at bank and in hand		212		212	
Creditors: amounts falling due within one year	**17**	(3,285)		(3,285)	
Net current liabilities			(3,073)		(3,073)
Net assets			3,240,212		3,240,212
Capital and reserves					
Called up share capital	**23**		212		212
Share premium account			2,870,000		2,870,000
Profit and loss reserves			370,000		370,000
Total equity			3,240,212		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 £100,002 (2020 - £370,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 20 October 2021 and are signed on its behalf by:

S A Stell
Director

Company Registration No. 12105260

V STELL & SONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 16 July 2019		-	-	-	-
Period ended 31 March 2020:					
Profit and total comprehensive income for the period		-	-	385,577	385,577
Issue of share capital	**23**	212	-	-	212
Other movements		-	2,870,000	-	2,870,000
Balance at 31 March 2020		212	2,870,000	385,577	3,255,789
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	420,967	420,967
Dividends	**9**	-	-	(100,002)	(100,002)
Balance at 31 March 2021		212	2,870,000	706,542	3,576,754

V STELL & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 16 July 2019		-	-	-	-
Period ended 31 March 2020:					
Profit and total comprehensive income for the period		-	-	370,000	370,000
Issue of share capital	**23**	212	-	-	212
Other movements		-	2,870,000	-	2,870,000
Balance at 31 March 2020		212	2,870,000	370,000	3,240,212
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	100,002	100,002
Dividends	**9**	-	-	(100,002)	(100,002)
Balance at 31 March 2021		212	2,870,000	370,000	3,240,212

V STELL & SONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**26**		672,908		859,066
Interest paid			(92,981)		(94,759)
Income taxes (paid)/refunded			-		49,083
Net cash inflow from operating activities			579,927		813,390
Investing activities					
Goodwill on acquisition		(105,000)		150,524	
Purchase of tangible fixed assets		(142,701)		(70,810)	
Proceeds on disposal of tangible fixed assets		1,000		-	
Cost of tangible fixed assets at acquisition		-		(9,678,361)	
Depreciation of tangible fixed assets at acquisition		-		3,728,048	
Net cash used in investing activities			(246,701)		(5,870,599)
Financing activities					
Proceeds from issue of shares		-		2,870,212	
Repayment of loans		(76,959)		(99,983)	
Bank loans on acquisition		-		1,887,892	
Hire purchase obligations on acquisition		-		510,525	
Payment of finance leases obligations		(96,857)		(112,750)	
Dividends paid to equity shareholders		(100,002)		-	
Net cash (used in)/generated from financing activities			(273,818)		5,055,896
Net increase/(decrease) in cash and cash equivalents			59,408		(1,313)
Cash and cash equivalents at beginning of year			(1,313)		-
Cash and cash equivalents at end of year			58,095		(1,313)
Relating to:					
Cash at bank and in hand			58,095		774
Bank overdrafts included in creditors payable within one year			-		(2,087)

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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

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.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company V Stell & Sons Limited together with all entities controlled by the parent company (its subsidiaries) and the group’s share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. 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.

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. 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.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group’s share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group’s share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group’s interest in the entity.

1.4 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.

1.5 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.

1 Accounting policies **(Continued)**

1.6 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, which is 10 years.

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.

1.7 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.

1.8 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.

1 Accounting policies **(Continued)**

1.9 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.

1.10 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 the lower of cost and replacement 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.

1.11 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.

1 Accounting policies **(Continued)**

1.12 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.

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.

1.13 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.

1.14 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.

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.

1.15 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.

1.16 Retirement benefits

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

1.17 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.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Accounting policies **(Continued)**

1.18 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.

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

1.19 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.

1.20 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Stock - Work in Progress

An element of estimation is involved in some year end work in progress calculations. An average price per unit method is required to calculate semi-finished materials, which involves estimation by key members of the stock department. The estimations are based upon the knowledge and expertise of management.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of goods	9,169,789	6,827,543

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Other significant revenue		
Grants received	287,823	18,764

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	8,884,735	6,639,033
Europe	257,009	177,455
Rest of World	28,045	11,055
	9,169,789	6,827,543

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	504	(1,124)
Government grants	(287,823)	(18,764)
Depreciation of owned tangible fixed assets	312,984	247,879
Depreciation of tangible fixed assets on acquisition	-	3,728,048
Amortisation of intangible assets	7,000	(150,524)

5 Auditor's remuneration

	2021	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	7,955	5,858
For other services		
Other assurance services	6,190	3,585
Taxation compliance services	760	735
All other non-audit services	1,840	18,550
	8,790	22,870

6 Employees

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

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Production	85	89	-	-
Administration	15	13	-	-
Selling and distribution	4	5	-	-
Total	104	107	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	2,871,504	1,931,768	-	-
Social security costs	255,419	162,117	-	-
Pension costs	139,214	96,568	-	-
	3,266,137	2,190,453	-	-

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	45,446	43,677
Interest on invoice finance arrangements	36,497	39,314
Interest on finance leases and hire purchase contracts	11,038	11,768
Total finance costs	92,981	94,759

8 Taxation

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	100,000	60,917

8 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	520,967	446,494
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	98,984	84,834
Change in unrecognised deferred tax assets	1,016	(23,917)
Taxation charge	100,000	60,917

9 Dividends

	2021	2020
Recognised as distributions to equity holders:	£	£
Interim paid	100,002	-

10 Intangible fixed assets

Group	Goodwill	Negative goodwill	Total
	£	£	£
Cost			
At 1 April 2020	-	(150,524)	(150,524)
Additions	105,000	-	105,000
At 31 March 2021	105,000	(150,524)	(45,524)
Amortisation and impairment			
At 1 April 2020	-	(150,524)	(150,524)
Amortisation charged for the year	7,000	-	7,000
At 31 March 2021	7,000	(150,524)	(143,524)
Carrying amount			
At 31 March 2021	98,000	-	98,000
At 31 March 2020	-	-	-

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

11 Tangible fixed assets

Group	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2020	4,054,088	5,680,418	14,665	9,749,171
Additions	-	142,701	-	142,701
Disposals	-	(1,000)	(14,665)	(15,665)
At 31 March 2021	4,054,088	5,822,119	-	9,876,207
Depreciation and impairment				
At 1 April 2020	20,902	3,940,360	14,665	3,975,927
Depreciation charged in the year	-	312,984	-	312,984
Eliminated in respect of disposals	-	-	(14,665)	(14,665)
At 31 March 2021	20,902	4,253,344	-	4,274,246
Carrying amount				
At 31 March 2021	4,033,186	1,568,775	-	5,601,961
At 31 March 2020	4,033,186	1,740,058	-	5,773,244

11 Tangible fixed assets **(Continued)**

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Plant and equipment	699,295	813,941	-	-

12 Fixed asset investments

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Investments in subsidiaries	13	-	-	3,243,285	3,243,285

Movements in fixed asset investments

Company	**Shares in subsidiaries**
	£
Cost or valuation	
At 1 April 2020	3,243,285
Additions	2,005,008
At 31 March 2021	5,248,293
Impairment	
At 1 April 2020	-
Impairment losses	2,005,008
At 31 March 2021	2,005,008
Carrying amount	
At 31 March 2021	3,243,285
At 31 March 2020	3,243,285

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

13 Subsidiaries **(Continued)**

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

14 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,793,948	1,715,626	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	3,923,444	4,549,470	n/a	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.

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	431,310	476,512	-	-
Work in progress	130,679	104,048	-	-
Finished goods and goods for resale	85,883	80,897	-	-
	647,872	661,457	-	-

16 Debtors

Amounts falling due within one year:	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade debtors	1,793,947	1,715,625	-	-
Other debtors	1	1	-	-
Prepayments and accrued income	45,206	55,423	-	-
	1,839,154	1,771,049	-	-

17 Creditors: amounts falling due within one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	19	138,785	143,811	-	-
Obligations under finance leases	20	101,451	135,379	-	-
Trade creditors		949,602	899,637	-	-
Amounts owed to group undertakings		-	-	3,285	3,285
Other taxation and social security		534,884	291,265	-	-
Other creditors		774,192	1,345,574	-	-
Accruals and deferred income		187,782	116,488	-	-
		2,686,696	2,932,154	3,285	3,285

Security has been given on the company's assets in relation to obligations of £791,271 (2020 - £1,313,989).

18 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	19	1,572,165	1,646,185	-	-
Obligations under finance leases	20	199,467	262,396	-	-
		1,771,632	1,908,581	-	-

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Payable by instalments	1,017,023	1,079,288	-	-

19 Loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	1,710,950	1,787,909	-	-
Bank overdrafts	-	2,087	-	-
	1,710,950	1,789,996	-	-
Payable within one year	138,785	143,811	-	-
Payable after one year	1,572,165	1,646,185	-	-

19 Loans and overdrafts **(Continued)**

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 £423,070 (2020: £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 £1,287,880 (2020: £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.

20 Finance lease obligations

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	101,451	135,380	-	-
In two to five years	199,467	262,395	-	-
	300,918	397,775	-	-

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.

21 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
Group	£	£
Tax losses	210,000	110,000

The company has no deferred tax assets or liabilities.

21 Deferred taxation **(Continued)**

	Group 2021	Company 2021
Movements in the year:	£	£
Liability at 1 April 2020	110,000	-
Charge to profit or loss	100,000	-
Liability at 31 March 2021	210,000	-

22 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	139,214	96,568

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.

23 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary A shares of 1p each	19,212	19,212	192	192
Ordinary B shares of 1p each	2,000	2,000	20	20
	21,212	21,212	212	212

24 Operating lease commitments

Lessee

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 2021	2020	Company 2021	2020
	£	£	£	£
Within one year	21,581	36,806	-	-
Between two and five years	3,262	24,843	-	-
	24,843	61,649	-	-

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	250,038	221,574

26 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	420,967	385,577
Adjustments for:		
Taxation charged	100,000	60,917
Finance costs	92,981	94,759
Amortisation and impairment of intangible assets	7,000	(150,524)
Depreciation and impairment of tangible fixed assets	312,984	247,879
Movements in working capital:		
Decrease/(increase) in stocks	13,585	(661,457)
Increase in debtors	(68,105)	(1,771,049)
(Decrease)/increase in creditors	(206,504)	2,652,964
Cash generated from operations	672,908	859,066

27 Analysis of changes in net debt - group

	1 April 2020	Cash flows	31 March 2021
	£	£	£
Cash at bank and in hand	774	57,321	58,095
Bank overdrafts	(2,087)	2,087	-
	(1,313)	59,408	58,095
Borrowings excluding overdrafts	(1,787,909)	76,959	(1,710,950)
Obligations under finance leases	(397,775)	96,857	(300,918)
	(2,186,997)	233,224	(1,953,773)