

Company registration number 5019218 (England and Wales)

BIGDUG LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

BIGDUG LIMITED

COMPANY INFORMATION

Directors Mr C Reilly
Mr L Bolscho
Ms S J Andrews (Appointed 6 July 2022)

Company number 5019218

Registered office Riga Wharf
380 Bristol Road
Gloucester
Gloucestershire
United Kingdom
GL2 5DH

Auditor Azets Audit Services
Epsilon House
The Square
Gloucester Business Park
Gloucester
United Kingdom
GL3 4AD

BIGDUG LIMITED

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BIGDUG LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The principal activity of the company is retail of shelving, racking and storage products via multiple channels (online, call centre and field sales).

Results for the year

The company has seen stable turnover and a drop in profitability in 2022 mainly due to investment in strategic initiatives, including investment into new product categories where the company sees opportunity for growth. Alongside this, sales were negatively impacted by the closure of www.speedyshelving.co.uk.

Principal risks and uncertainties

Recognising that it operates in a highly competitive market and one in which pressure on profit margins remains high, the company mitigates this risk through active management of channel mix, customer mix, and of current and future product portfolios.

The company is exposed to some commodity price risk as a result of its purchasing agreements, but mitigates this with regular reviews of sourcing strategy and with currency management and hedging via its parent company.

During the year the company saw container costs, supplier prices and lead times stabilise after a disruptive 2021. However, due to timing the company expect most of this benefit to materialise throughout 2023.

The news of Russia's invasion of Ukraine broke at the end of February 2022, which caused various economic ramifications including increased energy prices, exchange rate fluctuations, sanction list changes and a general uncertainty within the market. Whilst reviewing the sanction list, the company identified that the website technology for www.speedyshelving.co.uk had links to Russia and immediately closed this sub brand.

Key performance indicators

As shown in the income statement, the company's turnover for 2022 has been relatively static on the previous year and net profit margin has dropped from 6.41% to 4.50%.

Revenue, gross margin and costs are monitored continuously and associated action plans are put in place.

On behalf of the board

Mr C Reilly
Director

5 July 2023

BIGDUG LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of retail of shelving, racking and storage products via multiple channels (online, call centre and field sales).

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £2,800,000.

Directors

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

Mr C Reilly

Mr T B Nowak

(Resigned 6 July 2022)

Mr L Bolscho

Ms S J Andrews

(Appointed 6 July 2022)

Statement of directors' responsibilities

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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 company's auditor 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 company's auditor is aware of that information.

BIGDUG LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Mr C Reilly
Director

5 July 2023

BIGDUG LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIGDUG LIMITED

Opinion

We have audited the financial statements of BiGDUG Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the statement of financial position, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our 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.

BIGDUG LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIGDUG LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 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.

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.

BIGDUG LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIGDUG LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Claire Clift (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

5 July 2023

Chartered Accountants
Statutory Auditor

Epsilon House
The Square
Gloucester Business Park
Gloucester
United Kingdom
GL3 4AD

BIGDUG LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 £ | 2021 £ |
|--------------------------------------|-----------|--------------|--------------|
| Revenue | 3 | 42,604,029 | 43,100,105 |
| Cost of sales | | (26,240,874) | (26,413,086) |
| Gross profit | | 16,363,155 | 16,687,019 |
| Administrative expenses | | (15,267,308) | (14,449,454) |
| Other operating income | | 1,063,556 | 803,951 |
| Operating profit | 4 | 2,159,403 | 3,041,516 |
| Investment income | 7 | 11,155 | 139 |
| Finance costs | 8 | 201,160 | 331,672 |
| Profit before taxation | | 2,371,718 | 3,373,327 |
| Tax on profit | 9 | (456,261) | (611,447) |
| Profit for the financial year | | 1,915,457 | 2,761,880 |
| Retained earnings brought forward | | 3,626,040 | 3,564,160 |
| Dividends | 10 | (2,800,000) | (2,700,000) |
| Retained earnings carried forward | | 2,741,497 | 3,626,040 |

The income statement has been prepared on the basis that all operations are continuing operations.

BIGDUG LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | | 2022 | | 2021 | |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | | 225,969 | | 241,936 |
| Current assets | | | | | |
| Inventories | 14 | 4,116,486 | | 4,749,469 | |
| Trade and other receivables | 15 | 4,263,398 | | 3,637,498 | |
| Cash and cash equivalents | | 326,721 | | 222,991 | |
| | | <u>8,706,605</u> | | <u>8,609,958</u> | |
| Current liabilities | 16 | <u>(6,115,497)</u> | | <u>(5,154,554)</u> | |
| Net current assets | | | <u>2,591,108</u> | | <u>3,455,404</u> |
| Total assets less current liabilities | | | <u>2,817,077</u> | | <u>3,697,340</u> |
| Non-current liabilities | 17 | | <u>(75,570)</u> | | <u>(71,290)</u> |
| Net assets | | | <u><u>2,741,507</u></u> | | <u><u>3,626,050</u></u> |
| Equity | | | | | |
| Called up share capital | 20 | | 10 | | 10 |
| Retained earnings | | | <u>2,741,497</u> | | <u>3,626,040</u> |
| Total equity | | | <u><u>2,741,507</u></u> | | <u><u>3,626,050</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 5 July 2023 and are signed on its behalf by:

Mr C Reilly
Director

Company Registration No. 5019218

BIGDUG LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

| | | 2022 | | 2021 | |
|---|-------|--------------------|-----------------------|--------------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 24 | 3,153,221 | | 2,352,770 | |
| Income taxes paid | | (360,036) | | (503,833) | |
| Net cash inflow from operating activities | | <u>2,793,185</u> | | <u>1,848,937</u> | |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | | (97,175) | | (132,113) | |
| Proceeds on disposal of property, plant and equipment | | 1,406 | | - | |
| (Payments)/proceeds from inter-group loans | | 195,159 | | 1,005,445 | |
| Interest received | | <u>11,155</u> | | <u>139</u> | |
| Net cash generated from investing activities | | | 110,545 | | 873,471 |
| Financing activities | | | | | |
| Dividends paid | | <u>(2,800,000)</u> | | <u>(2,700,000)</u> | |
| Net cash used in financing activities | | | (2,800,000) | | (2,700,000) |
| Net increase in cash and cash equivalents | | | 103,730 | | 22,408 |
| Cash and cash equivalents at beginning of year | | | <u>222,991</u> | | <u>200,583</u> |
| Cash and cash equivalents at end of year | | | <u><u>326,721</u></u> | | <u><u>222,991</u></u> |

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

BIGDUG Limited is a private company limited by shares incorporated in England and Wales. The registered office is Riga Wharf, 380 Bristol Road, Gloucester, Gloucestershire, United Kingdom, GL2 5DH.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. As described further in the Principal risks and uncertainties section of the Strategic Report on page 1, the directors are confident that they have taken the necessary steps to manage the challenges faced by the company.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes.

The company sells a wide variety of shelving and storage products. Sales of goods are recognised when the company has dispatched the goods to the customer and no other significant obligation remains unfulfilled that may affect the customers acceptance of the products.

Interest receivable is recognised within the financial statements and attributed to the financial period to which it relates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

| | |
|-------------------|-------------|
| Other intangibles | 33% on cost |
| Website | 50% on cost |

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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:

| | |
|----------------------------------|---|
| Plant and machinery | 25% on reducing balance |
| Fixtures, fittings and equipment | 25% on reducing balance |
| Computer equipment | 25% on reducing balance and 33% on cost |
| Motor vehicles | 25% on reducing balance |

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 credited or charged to profit or loss.

1.6 Impairment of non-current assets

At each reporting period end date, the company 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).

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

1.8 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.

1.9 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other receivables 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.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 income statement, 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 when the company has 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.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 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 non-current 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.

1.14 Retirement benefits

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

1.15 Leases

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 leases asset are consumed.

1.16 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Revenue

An analysis of the company's revenue is as follows:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | £ | £ |
| Revenue analysed by geographical market | | |
| United Kingdom | 42,586,465 | 43,048,854 |
| Europe | 16,717 | 51,251 |
| Rest of world | 847 | - |
| | <u>42,604,029</u> | <u>43,100,105</u> |

| | 2022 | 2021 |
|----------------------|---------------|------------|
| | £ | £ |
| Other revenue | | |
| Interest income | 11,155 | 139 |
| | <u>11,155</u> | <u>139</u> |

4 Operating profit

| | 2022 | 2021 |
|---|----------------|------------------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Exchange losses | 19,562 | 462,955 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 16,508 | 18,385 |
| Depreciation of owned property, plant and equipment | 111,310 | 94,211 |
| Loss on disposal of property, plant and equipment | 426 | - |
| Operating lease charges | 598,892 | 557,349 |
| | <u>826,698</u> | <u>1,133,290</u> |

5 Employees

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

| | 2022 | 2021 |
|--------------------------|------------|------------|
| | Number | Number |
| Directors | 3 | 2 |
| Sales and administration | 78 | 62 |
| Warehouse | 50 | 45 |
| | <u>131</u> | <u>109</u> |

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

| | 2022 | 2021 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,076,181 | 4,596,801 |
| Social security costs | 482,085 | 412,225 |
| Pension costs | 165,101 | 126,398 |
| | <u>5,723,367</u> | <u>5,135,424</u> |

6 Directors' remuneration

| | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | <u>349,083</u> | <u>261,279</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2022 | 2021 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 276,785 | 246,000 |
| Company pension contributions to defined contribution schemes | 8,092 | 7,875 |
| | <u>284,877</u> | <u>253,875</u> |

7 Investment income

| | 2022 | 2021 |
|---------------------------|---------------|------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 64 | 139 |
| Other interest income | 11,091 | - |
| | <u>11,155</u> | <u>139</u> |

Investment income includes the following:

| | | |
|--|-----------|------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>64</u> | <u>139</u> |
|--|-----------|------------|

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

| 8 | Other gains and losses | 2022 | 2021 |
|---|---|----------------|-----------------|
| | | £ | £ |
| | Fair value gains/(losses) on financial instruments | | |
| | Gain/(loss) on financial instruments measured at fair value through profit or loss. | 201,160 | 331,672 |
| | | <u>201,160</u> | <u>331,672</u> |
| 9 | Taxation | 2022 | 2021 |
| | | £ | £ |
| | Current tax | | |
| | UK corporation tax on profits for the current period | 438,349 | 641,566 |
| | Adjustments in respect of prior periods | (15,316) | (9,256) |
| | Total current tax | 423,033 | 632,310 |
| | | <u>423,033</u> | <u>632,310</u> |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 33,228 | (20,863) |
| | | <u>33,228</u> | <u>(20,863)</u> |
| | Total tax charge | 456,261 | 611,447 |
| | | <u>456,261</u> | <u>611,447</u> |

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:

| | 2022 | 2021 |
|--|------------------|------------------|
| | £ | £ |
| Profit before taxation | 2,371,718 | 3,373,327 |
| | <u>2,371,718</u> | <u>3,373,327</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 450,626 | 640,932 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,336 | 760 |
| Change in unrecognised deferred tax assets | 23,746 | - |
| Adjustments in respect of prior years | (15,316) | (9,256) |
| Effect of other adjustments | (4,131) | (20,989) |
| | <u>456,261</u> | <u>611,447</u> |
| Taxation charge for the year | 456,261 | 611,447 |
| | <u>456,261</u> | <u>611,447</u> |

A rate of 25 % has been used for the purposes of providing for the effects of Deferred Taxation, on the basis that the increase in the main rate of UK Corporation Tax from 19 % to 25 % intended to take effect from 1 April 2023 had been enacted at the Balance Sheet date.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Dividends

| | 2022 £ | 2021 £ |
|--------------|-----------|-----------|
| Interim paid | 2,800,000 | 2,700,000 |

11 Intangible fixed assets

| | Other intangibles £ | Website £ | Total £ |
|--|------------------------|--------------|------------|
| Cost | | | |
| At 1 January 2022 and 31 December 2022 | 2,638 | 83,163 | 85,801 |
| Amortisation and impairment | | | |
| At 1 January 2022 and 31 December 2022 | 2,638 | 83,163 | 85,801 |
| Carrying amount | | | |
| At 31 December 2022 | - | - | - |
| At 31 December 2021 | - | - | - |

12 Property, plant and equipment

| | Plant and fixtures, fittings machinery and equipment | | Computer equipment | Motor vehicles | Total |
|------------------------------------|---|---------|-----------------------|----------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2022 | 302,511 | 164,523 | 588,270 | 21,015 | 1,076,319 |
| Additions | 5,968 | 7,513 | 83,694 | - | 97,175 |
| Disposals | - | - | (5,111) | - | (5,111) |
| At 31 December 2022 | 308,479 | 172,036 | 666,853 | 21,015 | 1,168,383 |
| Depreciation and impairment | | | | | |
| At 1 January 2022 | 190,488 | 138,560 | 486,505 | 18,830 | 834,383 |
| Depreciation charged in the year | 30,825 | 6,831 | 72,934 | 720 | 111,310 |
| Eliminated in respect of disposals | - | - | (3,279) | - | (3,279) |
| At 31 December 2022 | 221,313 | 145,391 | 556,160 | 19,550 | 942,414 |
| Carrying amount | | | | | |
| At 31 December 2022 | 87,166 | 26,645 | 110,693 | 1,465 | 225,969 |
| At 31 December 2021 | 112,023 | 25,963 | 101,765 | 2,185 | 241,936 |

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Financial instruments

| | 2022 | 2021 |
|---|----------------|---------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 131,401 | - |
| | <u>131,401</u> | <u>-</u> |
| Carrying amount of financial liabilities | | |
| Measured at fair value through profit or loss | | |
| - Other financial liabilities | - | 69,759 |
| | <u>-</u> | <u>69,759</u> |

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 December 2022, the outstanding contracts all mature within 12 months (2021: 12 months) of the year end.

The company is committed to buy USD \$560,000 (2021: \$1,740,000) and Euro €Nil (2021: €5,850,000) for a fixed sterling amount. In addition the company is committed to buy GBP £4,350,000 (2021: £2,500,000) for a fixed Euro amount.

At the year end, the forward currency contracts are measured at fair value, which is determined using the year end forward exchange rate.

14 Inventories

| | 2022 | 2021 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Finished goods and goods for resale | 4,116,486 | 4,749,469 |
| | <u>4,116,486</u> | <u>4,749,469</u> |

A shrinkage provision of £169,957 (2021: £234,836) is included in the above inventory figure.

15 Trade and other receivables

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade receivables | 892,174 | 1,105,187 |
| Corporation tax recoverable | - | 17,601 |
| Amounts owed by group undertakings | 1,460,760 | 1,634,916 |
| Derivative financial instruments | 131,401 | - |
| Other receivables | 735,331 | 314,759 |
| Prepayments and accrued income | 946,029 | 434,104 |
| | <u>4,165,695</u> | <u>3,506,567</u> |

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

| 15 Trade and other receivables | (Continued) | |
|--|-------------------------|-------------------------|
| | 2022 | 2021 |
| | £ | £ |
| Amounts falling due after more than one year: | | |
| Prepayments and accrued income | 71,486 | 71,486 |
| Deferred tax asset (note 18) | 26,217 | 59,445 |
| | <u>97,703</u> | <u>130,931</u> |
| Total debtors | <u><u>4,263,398</u></u> | <u><u>3,637,498</u></u> |

Trade debtors are stated after impairment provisions of £15,789 (2021: £32,050). The impairment charge is included within administrative expenses.

| 16 Current liabilities | 2022 | 2021 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade payables | 3,457,253 | 2,248,521 |
| Amounts owed to group undertakings | 33,332 | 12,329 |
| Corporation tax | 45,396 | - |
| Other taxation and social security | 741,590 | 943,999 |
| Derivative financial instruments | - | 69,759 |
| Other payables | 989,531 | 951,471 |
| Accruals and deferred income | 848,395 | 928,475 |
| | <u>6,115,497</u> | <u>5,154,554</u> |

| 17 Non-current liabilities | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Accruals and deferred income | <u>75,570</u> | <u>71,290</u> |

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Deferred taxation

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

| | Assets 2022 | Assets 2021 |
|----------------------------------|------------------------|------------------------|
| | £ | £ |
| Balances: | | |
| Accelerated capital allowances | (52,966) | (28,763) |
| Provisions not allowable for tax | 79,183 | 88,208 |
| | <u>26,217</u> | <u>59,445</u> |
| | | 2022 |
| | | £ |
| Movements in the year: | | |
| Asset at 1 January 2022 | | (59,445) |
| Charge to profit or loss | | 33,228 |
| | | <u>(26,217)</u> |

The future reversal of the deferred tax asset primarily relates to the reversal of timing differences between tangible fixed asset capital allowances and depreciation and also expected tax deductions when provisions are utilised. The net deferred tax asset expected to reverse in 2023 is £Nil.

19 Retirement benefit schemes

| | 2022 | 2021 |
|---|-------------|-------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 165,101 | 126,398 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

| | 2022 | 2021 |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 64 A Ordinary of 10p each | 6 | 6 |
| 36 B Ordinary of 10p each | 4 | 4 |
| | <u>10</u> | <u>10</u> |

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from a winding up of the company.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Operating lease commitments

Lessee

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

| | 2022 | 2021 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 553,314 | 581,362 |
| Between two and five years | 797,262 | 1,263,262 |
| | <u>1,350,576</u> | <u>1,844,624</u> |

22 Related party transactions

The company has taken advantage of Section 33.1a not to disclose Related Party Transactions with other wholly owned group entities.

23 Ultimate controlling party

TAKKT AG (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company.

Group consolidated financial statements are available via www.takkt.de.

The registered office address of TAKKT AG is: TAKKT AG, Presselstraße 12, 70191 Stuttgart, Germany.

Newport.TAKKT GmbH is the company's immediate parent company.

The registered office address of Newport.TAKKT GmbH is: Newport.TAKKT GmbH, Presselstraße 12, 70191 Stuttgart, Germany.

BIGDUG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

| | | | | |
|-----------|--|--------------------------|--------------------------|--------------------------|
| 24 | Cash generated from operations | | 2022 | 2021 |
| | | | £ | £ |
| | Profit for the year after tax | | 1,915,457 | 2,761,880 |
| | Adjustments for: | | | |
| | Taxation charged | | 456,261 | 611,447 |
| | Finance costs | | (201,160) | (331,672) |
| | Investment income | | (11,155) | (139) |
| | Loss on disposal of property, plant and equipment | | 426 | - |
| | Depreciation and impairment of property, plant and equipment | | 111,310 | 94,211 |
| | Movements in working capital: | | | |
| | Decrease/(increase) in inventories | | 632,983 | (747,966) |
| | (Increase)/decrease in trade and other receivables | | (719,484) | 117,335 |
| | Increase/(decrease) in trade and other payables | | 968,583 | (152,326) |
| | Cash generated from operations | | 3,153,221 | 2,352,770 |
| | | | <u><u> </u></u> | <u><u> </u></u> |
| 25 | Analysis of changes in net funds | | | |
| | | 1 January 2022 | Cash flows | 31 December 2022 |
| | | £ | £ | £ |
| | Cash at bank and in hand | 222,991 | 103,730 | 326,721 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

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