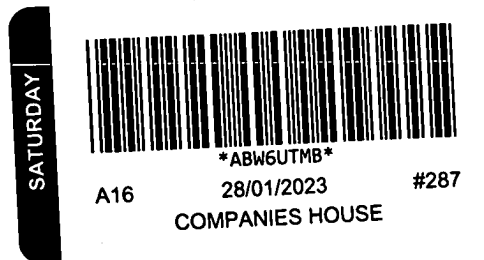


Company registration number 02513009 (England and Wales)

SCOLMORE (INTERNATIONAL) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022



SCOLMORE (INTERNATIONAL) LIMITED

COMPANY INFORMATION

Directors Mr G C Mordue
Mr S Taylor
Mr J Rogers
Mr K Beech
Ms M Parry
Mr B Taylor (Appointed 1 January 2022)
Mr J Hutchison (Appointed 1 January 2022)

Secretary Mr J Rogers

Company number 02513009

Registered office Scolmore House
Mariner , Lichfield Road Industrial Estate
Tamworth
Staffordshire
B79 7UL

Auditor Jerroms GCN Limited
West Point, Second Floor
Mucklow Office Park
Mucklow Hill
Halesowen
B62 8DY

Business address Scolmore House
Mariner , Lichfield Road Industrial Estate
Tamworth
Staffordshire
B7 7UL

SCOLMORE (INTERNATIONAL) LIMITED

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SCOLMORE (INTERNATIONAL) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the year ended 30 April 2022.

Fair review of the business

Statement of Income

The turnover for the year increased to £96,096k (2021 £73,548k).

During the year, the Group made an operating profit of £12,352k (2021 £12,188k).

The result before taxation was £12,507k (2021 £12,663).

The Group made a net profit for the financial year, net of taxation of £10,526k (2021 £10,424k).

Statement of Financial Position

Total assets increased during the year by £23,066k to £104,693k (2021: £81,627k) a 28% increase (2021: 31% increase.) The movement is primarily driven by an increase in inventories of £24,897k.

Total liabilities at the year-end amounted to £44,245k (2021: £31,654k), an increase of 40% (2020: 38% increase.) The movement primarily consisted of increases in trade creditors of £3,300k, and other other creditors of £8,685k.

Statement of Cashflows

The overall cash position decreased in the year by £514,132 (2021: £2,255,741 increase). This was driven by a net cash inflow from operating activities during the year of £579,644 (2021: £2,076,752).

This was then offset by the outflow of investing activities of £982,170 (2021: £2,356,637) and financing activities of £111,606 (2021: £2,535,626 inflow).

Principal risks and uncertainties

Early in the reporting year, a systematic risk mapping exercise inspired by a state-of-the-art methodology was introduced to identify internal and external vulnerabilities as well as opportunities for improvement.

While the Covid issue appears to be currently under control in the UK it still remains a concern as key suppliers based in the Far East continue to experience issues.

The UK's withdrawal from the EU as well as the Russian / Ukrainian conflict which started in February are at the core of the political and financial instability which is currently affecting the market.

In particular:

- energy price volatility as well as increased import/export bureaucracy is eroding profit margins,
- the international trade landscape is becoming increasingly challenging.

Importing and exporting continues to be impacted by abnormal uncertainties in relation to the availability of shipping containers, volatile shipping costs and extending delivery times.

The Group purchases finished goods from the Far East in various currencies therefore the company is vulnerable to exchange rate movement. The Group continues to use hedging to help provide a blended effective rate thus smoothing peaks and troughs.

Interest rates are rising and this may continue. The Group has some borrowing at fixed rates to help mitigate this risk.

As shown in recent UK government reports, cybersecurity attacks are on the rise and businesses are being urged to strengthen their cyber security practices.

SCOLMORE (INTERNATIONAL) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Development and performance

Throughout the year and since year end, economic uncertainties and instabilities have consistently impacted business. This has presented many challenges but also opportunities in the market place. The directors are very pleased with the Group results during this volatile period.

It is very difficult to anticipate if and when the market may stabilise and if it does how this might impact trading performance.

Internal reviews have identified improvements as well as sustainable opportunities which are currently being implemented with the aim of slim-lining processes, providing better data capture to identify trends and setting smarter objectives including environmental and sustainable objectives and KPIs.

Key performance indicators

The Group measures its performance on a number of key performance indicators, including revenue, profit from operations and customer service levels delivered. A few of the Group's key performance indicators have been reviewed below:

Revenue (£'000)	2022: 96,096	(2021: 73,548)
Gross Profit (£'000)	2022: £36,163	(2021: 26,857)
Gross Profit Margin (%)	2022: 38%	(2021: 37%)
Operating Profit (£'000)	2022: 12,352	(2021: 12,188)

As shown above, the Group has continued to grow its revenue, while maintaining a consistent gross profit margin of around 38%, reflecting the strong year the Group has achieved during 2022, with operating profits once again in excess of £12m.

At the end of the year quality objectives based on combined KPIs have been introduced, driving a deeper reflection on current KPIs, alignment with strategic goals and introduction of environmental KPIs in certain areas of the business which will be enhanced and implemented during 2023.

Other performance indicators

In June 2022 the introduction of the Scolmore Supplier Code of Conduct together with the Anti-slavery and human trafficking policy has reinforced Scolmore's commitment to conducting business in a responsible and sustainable way in line with the UN Global Compact, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises as well as other international standards, norms, and guidelines.

The Supplier Code of Conduct reflects the core values and the high ethical standards which inspire our employees, business partners and all other stakeholders.

The Anti-slavery and human trafficking policy replaces our modern slavery policy.

In line with the Supplier Code of Conduct as well as the recently introduced *Anti-slavery and human trafficking* policy, KPI's related to our supply chain have been introduced. These are part of a wider project which will entail a wider and more systematic business partners assessment being introduced in 2023.

The establishment of a Group energy baseline will drive the identification and subsequent introduction of appropriate EnPIs (Energy Performance Indicators) in 2023 which will enable the Group to monitor and address gas emissions.

Future developments

In response to our customers and business partners requests, we have embraced a more structured sustainability journey lead by the recent introduction of the Legal and Compliance department.

The recent introduction of a Group Integrated Quality and Environmental Policy as well as the Bronze medal awarded by ECOVADIS are just some examples of the strong commitment taken by the whole organisation.

Environmental aspects and impacts have been evaluated and environmental values and targets are now progressively being embedded in operational processes and staff trainings in the aim of achieving environmental accreditation, ISO14001, by Q4 2023.

SCOLMORE (INTERNATIONAL) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Promoting the success of the company

Long term decisions and interests of employees

Our core values define us as a Group, and how as individuals we conduct ourselves. They provide clear guidelines on how we can achieve the highest standards in all areas and create a cultural cradle for growth and sustainable development

- U United in bringing together our values, ideals and goals to create a positive environment
- N We nurture our people and the relationships we have with our customers in order to develop mutually beneficial and respectful partnerships
- I We believe in innovation and actively encourage our employees to think creatively
- Q We operate a dynamic, ever-changing market. Quality is essential across every area of our business including service levels and products
- U Upskill – We invest in training and personal development across all areas of the business & provide opportunities for progression
- E We aspire to be excellent in all disciplines by listening to our stakeholders and formulating sustainability plans

The Company commits to supporting the wellbeing of all employees. The Company:

- provides access to an Employee Assistance Programme (EAP) which gives additional support to each individual confidentially. Support includes access to helplines for stresses and strains of life such as work advice, counselling, family issues, gambling, financial wellbeing, alcohol and drug issues.
- has introduced a healthcare and benefits plan that provides a wide range of healthcare benefits and a discount reward scheme.
- has invested in training in Mental Health First Aiders which helps to equip our managers and employees to care for the mental and physical health of all employees.

How the company fosters business relationships

We believe that the quality of relationships with key stakeholders is fundamental to the ongoing success of the business.

Customers – Continuous investment in achieving the highest levels of service across all areas of the business. Stock availability, delivery service levels, technical support and access to designated customer sales and support teams have enabled us to develop and maintain mutually beneficial relationships. Each customer is treated as an individual and will receive the service best suited to their needs.

Suppliers- Relationships are built on mutual respect and support. We see our suppliers as business partners and see the value in working collaboratively with the emphasis on fostering long term relationships.

Working together to maintain optimum stock levels and navigate the challenges within the supply chain has significantly contributed to our success and performance during some challenging periods

Employees – Investment in people is key to developing and maintaining a productive and engaged work force. Professional and personal development is fundamental in retaining our employees. All employees are supported by an employee assistance program (EAP). We are committed to working in partnership with our employees to create a working environment that focuses on employee wellbeing, productivity, sustainability and growth.

The impact of the company's operations on the community

Our long-term business success and continuous growth is only possible by operating responsibly in alignment with universal standards and supporting the society.

This is why we pursue our growth in a sustainable way by taking care of the well-being of our human capital, the communities in which we operate as well as the planet in a compliant and responsible way.

SCOLMORE (INTERNATIONAL) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Desireability to maintain high standards and act fairly

Scolmore Group is committed to offer a high-quality product and a customer service level that exceeds all customer expectations, whilst:

- complying with legal and regulatory obligations as well as with any other requirements deemed relevant to the business,
- operating with respect and care for the environment,
- aiming at preventing pollution and reducing its carbon footprint,
- not compromising the health and safety of its employees, contractors, customers or the public.

On behalf of the board



Mr G C Mordue
Director

23 January 2023

SCOLMORE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company and group continued to be that of importing and distributing electrical accessories and lighting.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. 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:

Mr G C Mordue

Mr S Taylor

Mr J Rogers

Mr K Beech

Ms M Parry

Mr B Taylor

(Appointed 1 January 2022)

Mr J Hutchison

(Appointed 1 January 2022)

Energy and carbon report

As the company has consumed more than 40,000 kWh of energy in this reporting period, it is required to report on its emissions, energy consumption or energy efficiency activities.

	2022	2021	2020
<i>Energy consumption</i>	kWh	kWh	kWh
Aggregate of energy consumption in the year	1,265,526	996,373	1,575,759
	<u> </u>	<u> </u>	<u> </u>
	2022	2021	2021
<i>Emissions of CO2 equivalent</i>	metric	metric	metric
	tonnes	tonnes	tonnes
Scope 1 - direct emissions			
- Gas combustion	7.70	13.90	74.50
- Fuel consumed for owned transport	17.30	11.10	22.30
	<u> </u>	<u> </u>	<u> </u>
	25.00	25.00	96.80
Scope 2 - indirect emissions			
- Electricity purchased	108.60	113.10	79.30
Scope 3 - other indirect emissions			
- Fuel consumed for transport not owned by the group	160.50	99.80	200.60
	<u> </u>	<u> </u>	<u> </u>
Total gross emissions	294.10	237.90	376.70
	<u> </u>	<u> </u>	<u> </u>
<i>Intensity ratio</i>			
Tonnes CO2e per employee	1.37	1.41	2.50
	<u> </u>	<u> </u>	<u> </u>

SCOLMORE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

All conversion data was taken from the most up to date supplied data at the time of the delivery of the report.

Vehicles were assumed to be 10% personal non-company owned vehicles, and 90% leased fleet vehicles, and were assumed to be "average sized" cars, with 90% of the mileage, reported in diesel vehicles, and 10% in hybrid vehicles for both fleet and personal vehicles from information available, so the DEFRA emissions conversion figures for "average" diesel cars, and "average" hybrid vehicles has been used.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed electric vehicle charge points at Unit 5 Mariner.

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



Mr G C Mordue
Director

23 January 2023

SCOLMORE (INTERNATIONAL) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

SCOLMORE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOLMORE (INTERNATIONAL) LIMITED

Opinion

We have audited the financial statements of Scolmore (International) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 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, the company 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 group's and the parent company's affairs as at 30 April 2022 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 group and parent 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.

SCOLMORE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SCOLMORE (INTERNATIONAL) LIMITED

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 their 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Obtaining third party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.

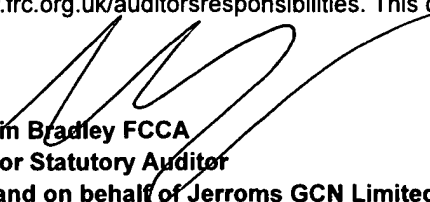
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation from the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

SCOLMORE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SCOLMORE (INTERNATIONAL) LIMITED

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.


Martin Bradley FCCA
Senior Statutory Auditor
For and on behalf of Jerroms GCN Limited

23 January 2023

Chartered Certified Accountants
Statutory Auditor

West Point, Second Floor
Mucklow Office Park
Mucklow Hill
Halesowen
B62 8DY

SCOLMORE (INTERNATIONAL) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Turnover	3	96,096,497	73,548,294
Cost of sales		(59,933,623)	(46,690,859)
Gross profit		36,162,874	26,857,435
Administrative expenses		(24,254,246)	(16,793,243)
Other operating income		442,890	2,124,035
Operating profit	4	12,351,518	12,188,227
Share of profits of associates		261,683	320,618
Interest receivable and similar income	8	710	237,381
Interest payable and similar expenses	9	(107,464)	(83,326)
Amounts written off investments	10	1,000	-
Profit before taxation		12,507,447	12,662,900
Tax on profit	11	(1,981,766)	(2,238,870)
Profit for the financial year		10,525,681	10,424,030
Profit for the financial year is attributable to:			
- Owner of the parent company		10,491,707	10,424,030
- Non-controlling interests		33,974	-
		10,525,681	10,424,030
Total comprehensive income for the year is attributable to:			
- Owner of the parent company		10,491,707	10,424,030
- Non-controlling interests		33,974	-
		10,525,681	10,424,030

SCOLMORE (INTERNATIONAL) LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Goodwill	12		667,399		68,879
Tangible assets	13		16,628,505		16,209,874
Investments	14		1,861,663		1,713,566
			<u>19,157,567</u>		<u>17,992,319</u>
Current assets					
Stocks	18	47,602,997		22,706,282	
Debtors	19	34,845,505		37,327,818	
Cash at bank and in hand		3,086,535		3,600,667	
		<u>85,535,037</u>		<u>63,634,767</u>	
Creditors: amounts falling due within one year	20	<u>(41,231,346)</u>		<u>(28,342,345)</u>	
Net current assets			<u>44,303,691</u>		<u>35,292,422</u>
Total assets less current liabilities			<u>63,461,258</u>		<u>53,284,741</u>
Creditors: amounts falling due after more than one year	21		<u>(3,013,540)</u>		<u>(3,311,998)</u>
Net assets			<u>60,447,718</u>		<u>49,972,743</u>
Capital and reserves					
Called up share capital	25		50,000		50,000
Profit and loss reserves			60,414,450		49,922,743
Equity attributable to owner of the parent company			<u>60,464,450</u>		<u>49,972,743</u>
Non-controlling interests			<u>(16,732)</u>		<u>-</u>
			<u>60,447,718</u>		<u>49,972,743</u>

The financial statements were approved by the board of directors and authorised for issue on 23 January 2023 and are signed on its behalf by:



Mr G C Mordue
Director

Company registration number 02513009 (England and Wales)

SCOLMORE (INTERNATIONAL) LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	13		15,612,425		15,211,595
Investments	14		5,224,153		4,977,218
			<u>20,836,578</u>		<u>20,188,813</u>
Current assets					
Stocks	18	27,304,186		16,012,877	
Debtors	19	44,727,669		37,013,260	
Cash at bank and in hand		432,423		1,035,227	
		<u>72,464,278</u>		<u>54,061,364</u>	
Creditors: amounts falling due within one year	20	(33,387,089)		(23,124,446)	
Net current assets			<u>39,077,189</u>		<u>30,936,918</u>
Total assets less current liabilities			<u>59,913,767</u>		<u>51,125,731</u>
Creditors: amounts falling due after more than one year	21		(2,901,816)		(3,174,340)
Net assets			<u>57,011,951</u>		<u>47,951,391</u>
Capital and reserves					
Called up share capital	25		50,000		50,000
Profit and loss reserves			56,961,951		47,901,391
Total equity			<u>57,011,951</u>		<u>47,951,391</u>

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 £9,060,560 (2021 - £9,666,700 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 January 2023 and are signed on its behalf by:



Mr G C Mordue
Director

Company registration number 02513009 (England and Wales)

SCOLMORE (INTERNATIONAL) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

	Share capital	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
	£	£	£	£	£
Balance at 1 May 2020	50,000	39,498,713	39,548,713	-	39,548,713
Year ended 30 April 2021:					
Profit and total comprehensive income for the year	-	10,424,030	10,424,030	-	10,424,030
Balance at 30 April 2021	50,000	49,922,743	49,972,743	-	49,972,743
Year ended 30 April 2022:					
Profit and total comprehensive income for the year	-	10,491,707	10,491,707	33,974	10,525,681
Acquisition of subsidiary	-	-	-	(50,706)	(50,706)
Balance at 30 April 2022	50,000	60,414,450	60,464,450	(16,732)	60,447,718

SCOLMORE (INTERNATIONAL) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2020	50,000	38,234,691	38,284,691
Year ended 30 April 2021:			
Profit and total comprehensive income for the year	-	9,666,700	9,666,700
Balance at 30 April 2021	50,000	47,901,391	47,951,391
Year ended 30 April 2022:			
Profit and total comprehensive income for the year	-	9,060,560	9,060,560
Balance at 30 April 2022	50,000	56,961,951	57,011,951

SCOLMORE (INTERNATIONAL) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	30	2,377,640		2,652,547	
Interest paid		(107,464)		(83,326)	
Income taxes paid		(1,690,532)		(492,469)	
Net cash inflow from operating activities		579,644		2,076,752	
Investing activities					
Purchase of tangible fixed assets		(1,238,679)		(3,051,763)	
Proceeds from disposal of tangible fixed assets		115,085		457,755	
Cash acquired on purchase of subsidiary		139,714		(10)	
Repayment of loans		1,000		-	
Interest received		710		237,381	
Net cash used in investing activities		(982,170)		(2,356,637)	
Financing activities					
Proceeds from new bank loans		500,000		2,000,000	
Repayment of bank loans		(516,503)		(272,432)	
Payment of finance leases obligations		(95,103)		(14,205)	
Government grant income		-		822,263	
Net cash (used in)/generated from financing activities		(111,606)		2,535,626	
Net (decrease)/increase in cash and cash equivalents		(514,132)		2,255,741	
Cash and cash equivalents at beginning of year		3,600,667		1,344,926	
Cash and cash equivalents at end of year		3,086,535		3,600,667	

SCOLMORE (INTERNATIONAL) LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	31		2,270,100		3,151,709
Interest paid			(102,501)		(86,076)
Income taxes paid			(1,698,795)		(426,023)
Net cash inflow from operating activities			468,804		2,639,610
Investing activities					
Purchase of tangible fixed assets		(1,078,743)		(3,001,074)	
Proceeds from disposal of tangible fixed assets		108,051		454,906	
Purchase of subsidiaries		(246,935)		(1,954,172)	
Proceeds from disposal of subsidiaries		-		607	
Repayment of loans		1,000		-	
Interest received		180,647		237,003	
Net cash used in investing activities			(1,035,980)		(4,262,730)
Financing activities					
Proceeds from new bank loans		500,000		2,000,000	
Repayment of bank loans		(440,526)		(272,436)	
Payment of finance leases obligations		(95,102)		(14,205)	
Government grant income		-		597,490	
Net cash (used in)/generated from financing activities			(35,628)		2,310,849
Net (decrease)/increase in cash and cash equivalents			(602,804)		687,729
Cash and cash equivalents at beginning of year			1,035,227		347,498
Cash and cash equivalents at end of year			432,423		1,035,227

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Scolmore (International) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Scolmore (International) 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.

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.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Scolmore (International) 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.

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.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

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.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

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

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

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.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 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 ten 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.

1.8 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.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 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:

Freehold land and buildings	2% straight line
Leasehold land and buildings	2% straight line / 10% straight line
Plant and equipment	15% reducing balance / 20% straight line
Fixtures and fittings	15% straight line / 10% straight line
Computers	25% straight line / 33% straight line
Motor vehicles	25% 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 recognised in the profit and loss account.

1.9 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

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

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.10 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.

1.11 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 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.

1.12 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.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.13 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.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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.

1.14 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.

1.15 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.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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.

1.16 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.

1.17 Retirement benefits

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

1.18 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.19 Government grants

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

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

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

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

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	96,096,497	73,548,294
	<u>96,096,497</u>	<u>73,548,294</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
UK	81,985,070	62,947,482
Overseas	14,111,427	10,600,812
	<u>96,096,497</u>	<u>73,548,294</u>
	2022	2021
	£	£
Other revenue		
Interest income	710	237,381
Commissions received	5,387	-
Grants received	-	822,263
	<u>5,387</u>	<u>822,263</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

3 Turnover and other revenue (Continued)

Turnover for the prior year has been amended from the accounts previously filed at Companies House to reflect the correct presentation of rebates. This has had no impact on the gross profit of the company.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	9,383	(40,028)
Research and development costs	4,252	-
Government grants	-	(822,263)
Depreciation of owned tangible fixed assets	982,065	808,670
Profit on disposal of tangible fixed assets	(14,313)	(54,612)
Amortisation of intangible assets	104,767	34,438
Operating lease charges	1,341,520	875,872
	1,341,520	875,872

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	20,000	19,000
Audit of the financial statements of the company's subsidiaries	22,941	18,900
	42,941	37,900

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	17	16	5	5
Distribution	161	124	161	124
Administration	137	102	33	33
Management staff	7	7	7	7
	322	249	206	169

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	13,660,217	9,797,958	9,593,912	7,565,568
Social security costs	1,469,407	971,344	1,049,674	780,394
Pension costs	763,594	524,110	602,033	420,562
	<u>15,893,218</u>	<u>11,293,412</u>	<u>11,245,619</u>	<u>8,766,524</u>

In addition to the group the average number of employees in the associated companies amounted to 27 (2021 27).

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,806,397	1,593,502
Company pension contributions to defined contribution schemes	69,243	39,591
	<u>1,875,640</u>	<u>1,633,093</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 3).

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

	2022 £	2021 £
Remuneration for qualifying services	<u>441,600</u>	<u>479,525</u>

The remuneration above includes any remuneration paid by the group to directors of the parent company. Remuneration paid to any directors of the subsidiary companies only is not included.

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	710	336
Interest receivable from group companies	-	236,965
Other interest income	-	80
	<u>710</u>	<u>237,381</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

8 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	710	237,301
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9 Interest payable and similar expenses

	2022	2021
	£	£

Interest on financial liabilities measured at amortised cost:

Interest on bank overdrafts and loans	85,542	77,275
Other interest on financial liabilities	13,175	2,167
	<u>98,717</u>	<u>79,442</u>

Other finance costs:

Interest on finance leases and hire purchase contracts	5,267	3,884
Other interest	3,480	-
	<u>8,747</u>	<u>-</u>

Total finance costs	<u>107,464</u>	<u>83,326</u>
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10 Amounts written off investments

	2022	2021
	£	£
Amounts written back to current loans	1,000	-

11 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	2,243,937	2,263,899
Adjustments in respect of prior periods	(262,171)	(25,029)
	<u>1,981,766</u>	<u>2,238,870</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

11 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:

	2022 £	2021 £
Profit before taxation	12,507,447	12,662,900
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,376,415	2,405,951
Tax effect of expenses that are not deductible in determining taxable profit	87,842	43,534
Tax effect of utilisation of tax losses not previously recognised	(80,487)	-
Adjustments in respect of prior years	(262,229)	(25,029)
Group relief	(22,420)	-
Permanent capital allowances in excess of depreciation	(117,355)	(182,947)
Research and development tax credit	-	(2,639)
Taxation charge	1,981,766	2,238,870

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 May 2021	344,383
Additions	703,287
At 30 April 2022	1,047,670
Amortisation and impairment	
At 1 May 2021	275,504
Amortisation charged for the year	104,767
At 30 April 2022	380,271
Carrying amount	
At 30 April 2022	667,399
At 30 April 2021	68,879

The company had no intangible fixed assets at 30 April 2022 or 30 April 2021.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 May 2021	16,024,467	1,039,299	2,025,560	793,634	910,518	706,639	21,500,117
Additions	309,206	8,468	285,546	123,332	448,707	326,209	1,501,468
Disposals	-	-	(18,550)	(61,798)	(202,655)	(226,248)	(509,251)
At 30 April 2022	16,333,673	1,047,767	2,292,556	855,168	1,156,570	806,600	22,492,334
Depreciation and impairment							
At 1 May 2021	2,632,489	250,955	966,838	412,873	525,933	501,155	5,290,243
Depreciation charged in the year	322,070	32,241	262,135	97,603	197,745	70,271	982,065
Eliminated in respect of disposals	-	-	(10,676)	(58,291)	(182,702)	(156,810)	(408,479)
At 30 April 2022	2,954,559	283,196	1,218,297	452,185	540,976	414,616	5,863,829
Carrying amount							
At 30 April 2022	13,379,114	764,571	1,074,259	402,983	615,594	391,984	16,628,505
At 30 April 2021	13,391,978	788,344	1,058,722	380,761	384,585	205,484	16,209,874

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Company	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 May 2021	16,024,467	1,899,112	535,176	838,349	701,240	19,998,344
Additions	309,206	277,491	28,529	433,442	292,864	1,341,532
Disposals	-	(18,550)	(50,569)	(196,560)	(226,248)	(491,927)
At 30 April 2022	16,333,673	2,158,053	513,136	1,075,231	767,856	20,847,949
Depreciation and impairment						
At 1 May 2021	2,632,489	902,590	271,369	480,672	499,629	4,786,749
Depreciation charged in the year	322,070	249,313	27,843	180,966	65,870	846,062
Eliminated in respect of disposals	-	(10,676)	(50,569)	(179,232)	(156,810)	(397,287)
At 30 April 2022	2,954,559	1,141,227	248,643	482,406	408,689	5,235,524
Carrying amount						
At 30 April 2022	13,379,114	1,016,826	264,493	592,825	359,167	15,612,425
At 30 April 2021	13,391,978	996,522	263,807	357,677	201,611	15,211,595

The directors consider that the difference between net book value and market value of freehold land and buildings is not significant for the company and group.

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	5,224,153	4,977,218
Investments in associates	16	1,861,663	1,713,566	-	-
		1,861,663	1,713,566	5,224,153	4,977,218

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Group

**Shares in
associates
£**

Cost or valuation

At 1 May 2021

1,713,566

Share of profit of associates

148,097

At 30 April 2022

1,861,663

Carrying amount

At 30 April 2022

1,861,663

At 30 April 2021

1,713,566

Movements in fixed asset investments

Company

**Shares in
subsidiaries
£**

Cost or valuation

At 1 May 2021

4,977,218

Additions

246,935

At 30 April 2022

5,224,153

Carrying amount

At 30 April 2022

5,224,153

At 30 April 2021

4,977,218

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Elite Security Products Limited	Unit 7 Target Park Shawbank Road, Lakeside, Redditch, Worcestershire, B98 8YN	Ordinary	100.00	-
Unicrimp Limited	Scolmore House Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, United Kingdom, B	Ordinary	100.00	-
Sangamo Limited	Scolmore House Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, United Kingdom, B	Ordinary	100.00	-
Scolmore International Middle East FZE	Warehouse FZLIU10BC07, Jebel Ali, Dubai, UAE	Ordinary	100.00	-
Scolmore International Electrical Trading LLC	Lake Central Tower, Office 1803, Business Bay, Dubai, UAE	Ordinary	-	100.00
Lumen 8 Lighting (HK) Limited (Hong Kong)	Unit 507, 5/F, Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Ordinary	100.00	-
Click Scolmore Electrical & Lighting (Hangzhou) Limited	Unit 507, 5/F, Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Ordinary	-	100.00
Ovia Limited	Scolmore House Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, United Kingdom, B	Ordinary	90.00	-

16 Associates

Details of associates at 30 April 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Ovia Ireland Limited	18 Corrig Road, Sandyford Industrial Estate, Dublin 18	Ordinary	-	45
Litehouse Accessories Limited	18 Corrig Road, Sandyford Industrial Estate, Dublin 18	Ordinary	50	-
Elite Security Products Ireland Limited	18 Corrig Road, Sandyford Industrial Estate, Dublin 18	Ordinary	-	50

17 Financial instruments

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	38,642,193	39,986,284	43,852,570	37,379,181
Equity instruments measured at cost less impairment	1,861,663	1,713,566	5,224,153	4,977,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	14,029,685	8,934,860	10,885,336	6,494,899
Loan commitments measured at cost less impairment	24,120,657	15,284,775	18,779,947	13,033,124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

18 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	47,602,997	22,706,282	27,304,186	16,012,877

19 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	32,521,966	29,794,675	24,697,176	26,184,397
Amounts owed by group undertakings	-	-	18,363,245	3,668,430
Other debtors	1,239,114	6,590,942	918,237	6,491,125
Prepayments and accrued income	1,084,425	942,201	749,011	669,308
	<u>34,845,505</u>	<u>37,327,818</u>	<u>44,727,669</u>	<u>37,013,260</u>

20 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	22	1,991,886	1,541,931	1,940,526	1,440,528
Obligations under finance leases	23	63,216	63,529	63,216	63,529
Trade creditors		12,235,108	8,934,860	10,885,336	6,494,899
Corporation tax payable		2,133,804	2,001,337	1,801,001	1,777,549
Other taxation and social security		725,181	1,073,055	252,476	979,853
Other creditors		19,052,015	10,367,317	14,087,702	8,410,511
Accruals and deferred income		5,030,136	4,360,316	4,356,832	3,957,577
		<u>41,231,346</u>	<u>28,342,345</u>	<u>33,387,089</u>	<u>23,124,446</u>

Included in other creditors are invoice discounting arrangements of £19,042,249 (2021 £10,363,052) at the year end. The securities given are fixed and floating charges over the assets of the company concerned and/or secured upon the trade debtors of the company concerned.

21 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	22	2,845,540	3,311,998	2,733,816	3,174,340
Obligations under finance leases	23	168,000	-	168,000	-
		<u>3,013,540</u>	<u>3,311,998</u>	<u>2,901,816</u>	<u>3,174,340</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

21 Creditors: amounts falling due after more than one year (Continued)

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

Payable by instalments	971,712	2,024,340	971,712	2,024,340
	<u>971,712</u>	<u>2,024,340</u>	<u>971,712</u>	<u>2,024,340</u>

22 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	4,837,426	4,853,929	4,674,342	4,614,868
	<u>4,837,426</u>	<u>4,853,929</u>	<u>4,674,342</u>	<u>4,614,868</u>
Payable within one year	1,991,886	1,541,931	1,940,526	1,440,528
Payable after one year	2,845,540	3,311,998	2,733,816	3,174,340
	<u>2,845,540</u>	<u>3,311,998</u>	<u>2,733,816</u>	<u>3,174,340</u>

The long-term loans with Lloyds Bank plc are secured as follows:

- Mortgage dated 15 November 2019 over freehold property at units 3 & 4 Mariner and Scolmore Park in Tamworth,
- Mortgage dated 28 November 2008 over freehold property at unit 5 Mariner in Tamworth,
- Mortgage dated 28 August 2015 over freehold property at unit 2 Mariner in Tamworth,
- Mortgage dated 15 November 2019 over freehold property of the land lying north west of Mariner in Tamworth, and
- Mortgage dated 2 July 2019 over leasehold property and units 4 & 5 Target Park in Redditch.
- Mortgage dated 8 June 2022 over freehold property Railcare House, Mariner in Tamworth.

There was also an unlimited debenture lodged in favour of Lloyds Bank plc on 10 January 2020, supplemental to previous guarantees on 5 June 2017 and 14 September 2015 over the assets of the company. This related to a cross guarantee for Scolmore (International) Limited group.

23 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	63,216	63,529	63,216	63,529
In two to five years	168,000	-	168,000	-
	<u>168,000</u>	<u>-</u>	<u>168,000</u>	<u>-</u>
	<u>231,216</u>	<u>63,529</u>	<u>231,216</u>	<u>63,529</u>

Finance lease payments represent rentals payable by the company 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 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Liabilities are secured on the assets to which they relate.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

24 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	763,594	524,110

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.

25 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

26 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		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	501,460	396,838	494,803	318,758
Between two and five years	519,707	266,789	487,376	126,798
	<u>1,021,167</u>	<u>663,627</u>	<u>982,179</u>	<u>445,556</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

27 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Group				
Entities over which the group has control, joint control or significant influence	7,840,504	6,174,206	90	18,669
Other related parties	136,115	128,564	350,759	96,345
	<u>7,976,619</u>	<u>6,302,770</u>	<u>350,849</u>	<u>115,014</u>
Company				
Entities over which the company has control, joint control or significant influence	8,009,922	4,580,595	232,834	19,026
Other related parties	110,452	87,009	339,879	93,450
	<u>8,120,374</u>	<u>4,667,604</u>	<u>572,713</u>	<u>112,476</u>
			Management charges receivable	Interest & royalties receivable
	2022	2021	2022	2021
	£	£	£	£
Group				
Entities over which the entity has control, joint control or significant influence	246,817	1,089,511	-	269,214
	<u>246,817</u>	<u>1,089,511</u>	<u>-</u>	<u>269,214</u>
Company				
Entities over which the entity has control, joint control or significant influence	602,897	1,089,511	203,570	269,214
	<u>602,897</u>	<u>1,089,511</u>	<u>203,570</u>	<u>269,214</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

27 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Entities over which the group has control, joint control or significant influence	90	-
Other related parties	17,241	16,673
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	209,597	-
Other related parties	17,040	15,861
	<u> </u>	<u> </u>
Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Entities with control, joint control or significant influence over the group	266,379	236,119
Entities over which the group has control, joint control or significant influence	2,938,336	9,219,910
Other related parties	45,148	54,568
	<u> </u>	<u> </u>
Company		
Entities with control, joint control or significant influence over the company	266,379	236,119
Entities over which the company has control, joint control or significant influence	14,134,314	8,800,070
Other related parties	37,771	50,491
	<u> </u>	<u> </u>

Other information

The company has an omnibus guarantee and set off agreements date 14 September 2015 (supplemented 5 June 2017 and 10 January 2020) in favour of this group's banking arrangements, along with its subsidiaries Unicrimp Limited, Elite Security Products Limited and Ovia Limited.

28 Directors' transactions

Interest free loans repayable on demand have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr G C Mordue - Director's loan	-	7,745	17,903	(7,745)	17,903
		<u>7,745</u>	<u>17,903</u>	<u>(7,745)</u>	<u>17,903</u>

The loan was repaid in full, after the year end, on 6 June 2022.

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

29 Controlling party

The ultimate controlling party is the estate of the late B Mordue, which owns the entire issued share capital.

30 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	10,525,681	10,424,030
Adjustments for:		
Share of results of associates and joint ventures	(261,683)	(320,618)
Taxation charged	1,981,766	2,238,870
Finance costs	107,464	83,326
Investment income	(710)	(237,381)
Government grant income	-	(822,263)
Gain on disposal of tangible fixed assets	(14,313)	(54,612)
Amortisation and impairment of intangible assets	104,767	34,438
Depreciation and impairment of tangible fixed assets	982,065	808,669
Other gains and losses	(1,000)	-
Movements in working capital:		
Increase in stocks	(18,401,542)	(1,648,883)
Decrease/(increase) in debtors	5,992,937	(13,173,840)
Increase in creditors	1,362,208	5,320,811
Cash generated from operations	<u>2,377,640</u>	<u>2,652,547</u>

31 Cash generated from operations - company

	2022	2021
	£	£
Profit for the year after tax	9,060,560	9,666,700
Adjustments for:		
Taxation charged	1,722,247	1,953,854
Finance costs	102,501	86,076
Investment income	(180,647)	(237,003)
Government grant income	-	(597,490)
Gain on disposal of tangible fixed assets	(13,411)	(54,612)
Depreciation and impairment of tangible fixed assets	846,062	709,210
Other gains and losses	(1,000)	-
Movements in working capital:		
Increase in stocks	(11,291,309)	(815,072)
Increase in debtors	(7,714,409)	(11,189,570)
Increase in creditors	9,739,506	3,629,616
Cash generated from operations	<u>2,270,100</u>	<u>3,151,709</u>

SCOLMORE (INTERNATIONAL) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

32 Analysis of changes in net debt - group

	1 May 2021	Cash flows	New finance leases	30 April 2022
	£	£	£	£
Cash at bank and in hand	3,600,667	(514,132)	-	3,086,535
Borrowings excluding overdrafts	(4,853,929)	16,503	-	(4,837,426)
Obligations under finance leases	(63,529)	95,102	(262,789)	(231,216)
	<u>(1,316,791)</u>	<u>(402,527)</u>	<u>(262,789)</u>	<u>(1,982,107)</u>

33 Analysis of changes in net debt - company

	1 May 2021	Cash flows	New finance leases	30 April 2022
	£	£	£	£
Cash at bank and in hand	1,035,227	(602,804)	-	432,423
Borrowings excluding overdrafts	(4,614,868)	(59,474)	-	(4,674,342)
Obligations under finance leases	(63,529)	95,102	(262,789)	(231,216)
	<u>(3,643,170)</u>	<u>(567,176)</u>	<u>(262,789)</u>	<u>(4,473,135)</u>

34 Auditor's liability limitation agreement

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement. This approval has been confirmed in the letter of representation.