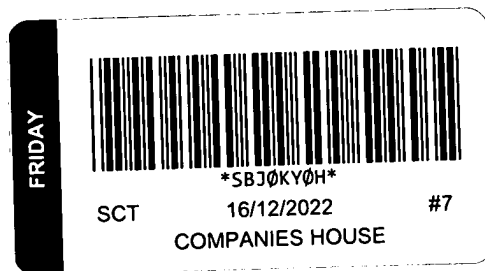


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EDINBURGH MAILBOX

**INSTOCK LTD**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# INSTOCK LTD

## COMPANY INFORMATION

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<b>Directors</b>	G Hudson M Payne M Hudson J Swinburne	(appointed 9 May 2022)
<b>Secretary</b>	CCW Secretaries Limited	
<b>Company number</b>	SC055376	
<b>Registered office</b>	Howe Moss Drive Kirkhill Industrial Estate Dyce ABERDEEN AB21 0GL	
<b>Auditor</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	

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# **INSTOCK LTD**

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# INSTOCK LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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

### **Fair review of the business**

The group operates as wholesale suppliers of catering equipment, utensils and consumables in Scotland and England. The group was established in 1974 and since then has expanded steadily by organic growth and acquisition.

The group's results show an increase in turnover of 2% from £24.9m in 2021 to £25.4m in 2022. Pre-tax profits for the year have increased by 51% to £483k (2021 - £319k). The directors are satisfied with the group's financial performance this year, demonstrating the group's resilience in what were challenging operating conditions. At the year end, the group's cash on hand has decreased from £1.4m to £1.2m. The net assets position has increased from £2.4m to £2.7m.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group continue to be managing supplier costs, maintaining adequate staffing levels, managing customer credit risk and managing liquidity risk.

#### **Managing supplier costs**

The group works closely with suppliers to ensure costs are managed.

#### **Customer credit risk**

The group's trading activities exposes it to customer credit risk due to the volume of trade and the industries our customers operate in e.g. hospitality and food and drink in particular. Increasing legal, political and economic challenges to our customers can impact on the group's ability to collect debts owed to us. The directors aim to mitigate this risk by maintaining good relationships with customers and to undertake appropriate credit checks where possible.

#### **Liquidity risk**

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future developments, the group monitors the timing of cash flows and aligns this with its strategic planning. The group's primary sources of finance are the operating cash flows it generates and its short term bank funding.

### **Development and performance**

The group continues to seek opportunities to grow either organically or by acquisition. The group will continue to offer a wide breadth of products and exceptional service levels to our customers, both existing and new.

As part of our quality service to customers, we have maintained the internationally recognised accreditation ISO9001, ISO14001 and we are working towards qualification under BSI PAS2060.

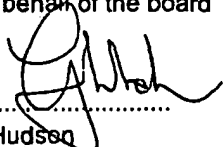
### **Key performance indicators**

The group's key performance indicators are gross margins, pre-tax profit, cash flow and net assets.

The directors monitor these key performance indicators to ensure they are working towards the group's primary strategic objective of returning value to the shareholders.

Gross profit percentage margins were consistent with the prior year. Cash flow is monitored regularly to ensure sufficient working capital is available for the group's day to day requirements. Cash of £1.4m was generated from operating activities in the year. Overall, the group's net assets increased from £2.4m to £2.7m.

On behalf of the board

  
.....  
G Hudson  
Director  
.....14/12/22

# INSTOCK LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

---

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

#### Results and dividends

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

The directors proposed a dividend of £100,000 in the current year, (2021: £500,000).

#### Directors

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

G Hudson  
M Payne  
M Hudson  
J Swinburne (appointed 9 May 2022)

#### Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit and liquidity risks. The group does not use derivatives to manage financial risks. Details of the risks applicable to the group can be found in the Strategic Report.

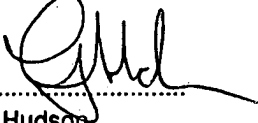
#### Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### 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



G Hudson  
Director

Date: 14/12/2022

# **INSTOCK LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 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;
- 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.

# **INSTOCK LTD**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTOCK LTD**

---

### **Opinion**

We have audited the financial statements of Instock Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 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 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 31 March 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

# INSTOCK LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INSTOCK LTD

---

### **Matters on which we are required to report by exception**

In the light of our 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 and 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 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.

### *Extent to which the audit is 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

# INSTOCK LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INSTOCK LTD

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### *Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)*

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management 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 judgements made by management in their calculation of accounting estimates for potential management bias;
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### **Use of our report**

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



**Grant Roger (Senior Statutory Auditor)**  
For and on behalf of Johnston Carmichael LLP

*14 December 2022*

**Chartered Accountants**  
**Statutory Auditor**

7-11 Melville Street  
Edinburgh  
EH3 7PE

# INSTOCK LTD

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

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	Notes	2022 £	2021 £
Turnover	3	25,438,862	24,873,293
Cost of sales		(19,873,086)	(20,894,487)
<b>Gross profit</b>		<b>5,565,776</b>	<b>3,978,806</b>
Administrative expenses		(9,885,791)	(7,452,581)
Other operating income		4,847,656	3,948,998
<b>Operating profit</b>	6	<b>527,641</b>	<b>475,223</b>
Interest payable and similar expenses	7	(44,927)	(43,929)
Loss on disposal of subsidiary		-	(111,914)
<b>Profit before taxation</b>		<b>482,714</b>	<b>319,380</b>
Tax on profit	8	(108,450)	(86,510)
<b>Profit for the financial year</b>	24	<b>374,264</b>	<b>232,870</b>
<b>Total comprehensive income for the year</b>		<b>374,264</b>	<b>232,870</b>

---

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

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

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

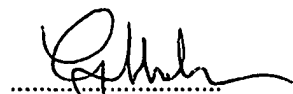
# INSTOCK LTD

## GROUP BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		316,872		351,598
Investments	12		2,500		2,500
			<u>319,372</u>		<u>354,098</u>
<b>Current assets</b>					
Stocks	14	2,356,580		2,043,977	
Debtors	15	5,865,672		4,948,018	
Cash at bank and in hand		1,165,119		1,405,183	
		<u>9,387,371</u>		<u>8,397,178</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(6,261,036)</u>		<u>(5,316,289)</u>	
<b>Net current assets</b>			<u>3,126,335</u>		<u>3,080,889</u>
<b>Total assets less current liabilities</b>			<u>3,445,707</u>		<u>3,434,987</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(670,822)</u>		<u>(848,302)</u>
<b>Provisions for liabilities</b>					
Provisions	20	37,639		120,139	
Deferred tax liability	21	23,669		27,233	
		<u>(61,308)</u>		<u>(147,372)</u>	
<b>Net assets</b>			<u>2,713,577</u>		<u>2,439,313</u>
<b>Capital and reserves</b>					
Called up share capital	23		6,889		6,889
Capital redemption reserve	24		16,100		16,100
Profit and loss reserves	24		2,690,588		2,416,324
<b>Total equity</b>			<u>2,713,577</u>		<u>2,439,313</u>

The financial statements were approved by the board of directors and authorised for issue on 14/12/22 and are signed on its behalf by:



G Hudson  
Director

# INSTOCK LTD

## COMPANY BALANCE SHEET AS AT 31 MARCH 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		309,150		329,860
Investments	12		234,712		767,500
			<u>543,862</u>		<u>1,097,360</u>
<b>Current assets</b>					
Stocks	14	2,220,773		1,912,298	
Debtors	15	5,829,249		4,861,296	
Cash at bank and in hand		957,543		1,184,554	
		<u>9,007,565</u>		<u>7,958,148</u>	
<b>Creditors: amounts falling due within one year</b>	16	(6,120,618)		(5,688,495)	
<b>Net current assets</b>			<u>2,886,947</u>		<u>2,269,653</u>
<b>Total assets less current liabilities</b>			<u>3,430,809</u>		<u>3,367,013</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(670,822)		(845,701)
<b>Provisions for liabilities</b>					
Provisions	20	22,500		105,000	
Deferred tax liability	21	23,669		27,132	
		<u>(46,169)</u>		<u>(132,132)</u>	
<b>Net assets</b>			<u><u>2,713,818</u></u>		<u><u>2,389,180</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		6,889		6,889
Capital redemption reserve	24		16,100		16,100
Profit and loss reserves	24		2,690,829		2,366,191
<b>Total equity</b>			<u><u>2,713,818</u></u>		<u><u>2,389,180</u></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 £424,638 (2021 - £347,501 profit).

The financial statements were approved by the board of directors and authorised for issue on 14/12/22 and are signed on its behalf by:

  
.....  
G Hudson  
Director

Company Registration No. SC055376

## INSTOCK LTD

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 April 2020</b>		6,889	16,100	2,938,257	2,961,246	(1,313)	2,959,933
Effect of restatement		-	-	(254,803)	(254,803)	-	(254,803)
<b>Balance at 1 April 2020 restated</b>		<u>6,889</u>	<u>16,100</u>	<u>2,683,454</u>	<u>2,706,443</u>	<u>(1,313)</u>	<u>2,705,130</u>
<b>Year ended 31 March 2021:</b>							
Profit and total comprehensive income for the year		-	-	232,870	232,870	-	232,870
Dividends	9	-	-	(500,000)	(500,000)	-	(500,000)
Disposal of non-controlling interests		-	-	-	-	1,313	1,313
<b>Balance at 31 March 2021 restated</b>		<u>6,889</u>	<u>16,100</u>	<u>2,416,324</u>	<u>2,439,313</u>	<u>-</u>	<u>2,439,313</u>
<b>Year ended 31 March 2022:</b>							
Profit and total comprehensive income for the year		-	-	374,264	374,264	-	374,264
Dividends	9	-	-	(100,000)	(100,000)	-	(100,000)
<b>Balance at 31 March 2022</b>		<u>6,889</u>	<u>16,100</u>	<u>2,690,588</u>	<u>2,713,577</u>	<u>-</u>	<u>2,713,577</u>

# INSTOCK LTD

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

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	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2020</b>		6,889	16,100	2,773,493	2,796,482
Effect of restatement		-	-	(254,803)	(254,803)
<b>Balance at 1 April 2020 restated</b>		<u>6,889</u>	<u>16,100</u>	<u>2,518,690</u>	<u>2,541,679</u>
<b>Year ended 31 March 2021:</b>					
Profit and total comprehensive income for the year		-	-	347,501	347,501
Dividends	9	-	-	(500,000)	(500,000)
<b>Balance at 31 March 2021 restated</b>		<u>6,889</u>	<u>16,100</u>	<u>2,366,191</u>	<u>2,389,180</u>
<b>Year ended 31 March 2022:</b>					
Profit and total comprehensive income for the year		-	-	424,638	424,638
Dividends	9	-	-	(100,000)	(100,000)
<b>Balance at 31 March 2022</b>		<u><u>6,889</u></u>	<u><u>16,100</u></u>	<u><u>2,690,829</u></u>	<u><u>2,713,818</u></u>

# INSTOCK LTD

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	29		1,592,058		(251,566)
Interest paid			(34,963)		(33,154)
Income taxes paid			(126,523)		(107,793)
			<u>                    </u>		<u>                    </u>
<b>Net cash inflow/(outflow) from operating activities</b>			1,430,572		(392,513)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(162,674)		(82,245)	
Proceeds on disposal of tangible fixed assets		83,054		45,751	
		<u>                    </u>		<u>                    </u>	
<b>Net cash used in investing activities</b>			(79,620)		(36,494)
<b>Financing activities</b>					
Proceeds on sale of business		-		27,131	
Proceeds from borrowings		-		1,050,000	
Repayment of borrowings		(171,282)		(60,606)	
Increase/(decrease) in invoice financing		(1,351,635)		169,076	
New finance lease agreements		120,207		36,745	
Payment of finance leases obligations		(188,306)		(104,782)	
Dividends paid to equity shareholders		-		(500,000)	
		<u>                    </u>		<u>                    </u>	
<b>Net cash (used in)/generated from financing activities</b>			(1,591,016)		617,564
			<u>                    </u>		<u>                    </u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			(240,064)		188,557
Cash and cash equivalents at beginning of year			1,405,183		1,216,626
			<u>                    </u>		<u>                    </u>
<b>Cash and cash equivalents at end of year</b>			1,165,119		1,405,183
			<u>                    </u>		<u>                    </u>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

---

#### 1 Accounting policies

##### Company information

Instock Ltd ("the company") is a private company limited by shares, domiciled and incorporated in Scotland. The registered office and trading address is Howe Moss Drive, Kirkhill Industrial Estate, Dyce, ABERDEEN, AB21 0GL. The company's registered number is SC055376. The principal activities of the company and its subsidiaries (collectively known as "the group") and the nature of the group's operations are set out in the Strategic Report on page 1.

The group consists of Instock Ltd 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. The principal accounting policies adopted are set out below.

##### FRS 102 reduced disclosure framework - parent company

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.
- Section 33 'Related Party Disclosures' – Transactions entered between two or more wholly-owned members of the same group.

#### 1.2 Basis of consolidation

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

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

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

All 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.

#### 1.3 Going concern

At the time of approving the financial statement, 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.

#### 1.4 Turnover

Turnover represents amounts receivable for the sale of goods, net of VAT and trade discounts.

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 delivery 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.

#### Other operating income

Other operating income represents licence fee income and recharges from a related party, recognised as services are provided.

#### 1.5 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 of assets less their residual values over their useful lives on the following bases:

Patents & licences	3 years straight line
Intellectual property	20% straight line

#### 1.6 Tangible fixed assets

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

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

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

Leasehold improvements	5 years straight line
Plant and equipment	4 years straight line
Fixtures and fittings	5 to 10 years straight line
Computers	4 years straight line
Motor vehicles	5 years straight line

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

#### 1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries 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.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) by comparing this to the asset's carrying value. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax, obtained as a result of the asset's continued use.

#### 1.9 Stocks

Stocks and work in progress 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.

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

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

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

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

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### **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 instruments, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at cost, and subsequently measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets 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.

#### **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.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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 receipts 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.

#### **Derecognition of financial liabilities**

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

### 1.12 Equity instruments

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

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.13 Taxation

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

###### **Current tax**

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

###### **Deferred tax**

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date. Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

##### 1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

##### 1.15 Employee benefits

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

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

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

##### 1.16 Retirement benefits

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

##### 1.17 Leases

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

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

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

---

#### 1 Accounting policies

(Continued)

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

#### 1.18 Government grants

Grants received through the government furlough scheme are recognised in the Statement of Income and Retained Earnings, within other operating income, in the same period as the payroll costs.

#### 1.19 Prior period restatement

During the current year it was noted that charges previously due from a connected company had not been included within the profit and loss account for the year ended 31 March 2020. These amounts total £254,803 and have been booked as a debit to brought forward reserves for the year ended 31 March 2021, the corresponding credit is through other debtors. There is no other impact to the financial statements.

#### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Critical judgements**

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

#### **Goodwill**

As disclosed in note 1.5 goodwill is reviewed annually for indicators of impairment, which is a judgement exercised by management.

#### **Carrying value of investments**

At each reporting date the directors consider the value of investments and will recognise an impairment where they believe the value of the investment has decreased. (See note 12).

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Net realisable includes, where necessary, provisions for slow moving and obsolete stock and irrecoverable work in progress. Calculation of these provisions requires judgement to be made, which include forecast consumer demand, competitive and economic environment and inventory loss trends. (See note 14).

##### Bad debt provision

The group makes an assessment of the recoverable value of amounts due from debtors and make a provision where the debt is not expected to be recovered.

##### Dilapidations provision

At each reporting date the group makes an assessment of the potential liability arising from leased properties. The provision is based on management's knowledge of the work required to return the property to the original condition.

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	25,438,862	24,873,293

	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	25,438,862	24,873,293

#### 4 Auditor's remuneration

	2022	2021
	£	£
<b>Fees payable to the company's auditor and associates:</b>		
<b>For audit services</b>		
Audit of the financial statements of the group and company	28,000	26,750
Audit of the financial statements of the company's subsidiaries	7,000	6,500
	<u>35,000</u>	<u>33,250</u>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 5 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
Directors and office staff	19	16	19	16
Operations	62	56	57	50
<b>Total</b>	<b>81</b>	<b>72</b>	<b>76</b>	<b>66</b>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	1,817,539	1,433,074	1,683,610	1,290,979
Social security costs	143,957	99,544	135,946	91,098
Pension costs	31,987	22,221	29,957	20,317
<b>Total</b>	<b>1,993,483</b>	<b>1,554,839</b>	<b>1,849,513</b>	<b>1,402,394</b>

### 6 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	59,934	88,494
Depreciation of tangible fixed assets held under finance leases	76,292	76,260
Profit on disposal of tangible fixed assets	(21,880)	(5,391)
Operating lease charges	231,363	148,742

### 7 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	24,134	33,154
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	20,793	10,775
<b>Total finance costs</b>	<b>44,927</b>	<b>43,929</b>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 8 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	112,014	95,780
Adjustments in respect of prior periods	-	516
<b>Total current tax</b>	<u>112,014</u>	<u>96,296</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(12,132)	(9,786)
Changes in tax rates	8,568	-
<b>Total deferred tax</b>	<u>(3,564)</u>	<u>(9,786)</u>
<b>Total tax charge</b>	<u>108,450</u>	<u>86,510</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	<u>482,714</u>	<u>319,380</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	91,716	60,682
Tax effect of expenses that are not deductible in determining taxable profit	11,875	24,163
Adjustments in respect of prior years	-	516
Permanent capital allowances in excess of depreciation	(1,231)	1,149
Other permanent differences	(902)	-
Chargeable gains	275	-
Remeasurement of deferred tax	6,717	-
<b>Taxation charge</b>	<u>108,450</u>	<u>86,510</u>

The UK tax rate remained at 19% for the financial years 2021 and 2022. An increase in the UK corporation tax rate from 19% to 25% main rate and marginal relief was substantively enacted on 24 May 2021 (effective 1 April 2023). The deferred tax asset at 31 March 2022 has been calculated based on the current rate of 25%.

### 9 Dividends

	2022	2021
	£	£
Recognised as distributions to equity holders:		
Interim	<u>100,000</u>	<u>500,000</u>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 10 Intangible fixed assets

<b>Group</b>	<b>Goodwill</b>	<b>Patents &amp; licences</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2021 and 31 March 2022	644,845	80,000	724,845
<b>Amortisation and impairment</b>			
At 1 April 2021 and 31 March 2022	644,845	80,000	724,845
<b>Carrying amount</b>			
At 31 March 2022	-	-	-
At 31 March 2021	-	-	-
<b>Company</b>	<b>Goodwill</b>	<b>Patents &amp; licences</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2021 and 31 March 2022	432,210	80,000	512,210
<b>Amortisation and impairment</b>			
At 1 April 2021 and 31 March 2022	432,210	80,000	512,210
<b>Carrying amount</b>			
At 31 March 2022	-	-	-
At 31 March 2021	-	-	-

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 11 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2021	102,056	19,273	725,639	781,161	1,628,129
Additions	-	-	16,894	145,780	162,674
Disposals	-	-	-	(229,657)	(229,657)
At 31 March 2022	102,056	19,273	742,533	697,284	1,561,146
<b>Depreciation and impairment</b>					
At 1 April 2021	74,433	18,361	706,506	477,231	1,276,531
Depreciation charged in the year	10,800	420	13,262	111,744	136,226
Eliminated in respect of disposals	-	-	-	(168,483)	(168,483)
At 31 March 2022	85,233	18,781	719,768	420,492	1,244,274
<b>Carrying amount</b>					
At 31 March 2022	16,823	492	22,765	276,792	316,872
At 31 March 2021	27,623	912	19,133	303,930	351,598
<b>Company</b>					
		Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2021		90,530	725,366	756,467	1,572,363
Additions		-	16,894	145,780	162,674
Disposals		-	-	(213,057)	(213,057)
At 31 March 2022		90,530	742,260	689,190	1,521,980
<b>Depreciation and impairment</b>					
At 1 April 2021		67,380	707,150	467,973	1,242,503
Depreciation charged in the year		10,800	13,262	101,968	126,030
Eliminated in respect of disposals		-	-	(155,703)	(155,703)
At 31 March 2022		78,180	720,412	414,238	1,212,830
<b>Carrying amount</b>					
At 31 March 2022		12,350	21,848	274,952	309,150
At 31 March 2021		23,150	18,216	288,494	329,860

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 11 Tangible fixed assets

(Continued)

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Motor vehicles	234,090	226,943	234,090	220,709
Depreciation charge for the year in respect of leased assets	76,292	72,120	73,877	72,120

### 12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	232,212	765,000
Unlisted investments		2,500	2,500	2,500	2,500
		2,500	2,500	234,712	767,500

Details of companies in which the Company holds more than 20% of the share capital are included in note 13.

#### Movements in fixed asset investments

Group	Shares £
<b>Cost</b>	
At 1 April 2021 and 31 March 2022	2,500
<b>Carrying amount</b>	
At 31 March 2022	2,500
At 31 March 2021	2,500

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 12 Fixed asset investments

(Continued)

##### Movements in fixed asset investments

Company	Shares in group undertakings £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2021	800,000	2,500	802,500
Disposals	(35,000)	-	(35,000)
At 31 March 2022	765,000	2,500	767,500
<b>Impairment</b>			
At 1 April 2021	35,000	-	35,000
Impairment losses	532,788	-	532,788
Disposals	(35,000)	-	(35,000)
At 31 March 2022	532,788	-	532,788
<b>Carrying amount</b>			
At 31 March 2022	232,212	2,500	234,712
At 31 March 2021	765,000	2,500	767,500

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Ordinary Shares held	%
Jazzpower Limited	Unit C1 Westfield Business Park  Long Road Paignton Devon TQ4 7AU	Wholesale suppliers of catering equipment and catering and cleaning consumables		100.00

#### 14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	2,356,580	2,043,977	2,220,773	1,912,298

Stock held by the Group is presented net of a provision of £nil (2021: £108,500).

Stock held by the Company is presented net of a provision of £nil (2021: £108,500).

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 15 Debtors

	Group 2022	2021 as restated	Company 2022	2021 as restated
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	4,178,390	2,933,807	4,060,978	2,880,839
Amounts owed by group undertakings	-	-	102,572	-
Other debtors	1,640,642	1,973,237	1,623,279	1,944,920
Prepayments and accrued income	46,640	40,974	42,420	35,537
	<u>5,865,672</u>	<u>4,948,018</u>	<u>5,829,249</u>	<u>4,861,296</u>

Trade debtors of the group are presented net of provisions for bad and doubtful debts of £nil (2021: £30,000).

Trade debtors of the company are presented net of provisions for bad and doubtful debts of £nil (2021: £30,000).

Included within other debtors are loans due from Directors of £13,211 (2021: £nil).

Amounts owed by group undertakings are interest free and repayable on demand.

### 16 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans	18	221,643	1,573,278	221,643	1,523,278
Obligations under finance leases	19	64,950	116,886	64,950	113,262
Trade creditors		4,741,270	2,962,627	4,611,748	2,920,605
Amounts owed to group undertakings		-	-	-	478,304
Corporation tax payable		81,787	96,296	76,410	94,286
Other taxation and social security		160,472	32,631	157,363	28,374
Other creditors		774,803	345,788	772,393	347,474
Accruals and deferred income		216,111	188,783	216,111	182,912
		<u>6,261,036</u>	<u>5,316,289</u>	<u>6,120,618</u>	<u>5,688,495</u>

Amounts due to group undertakings are interest free and repayable on demand.

Included within other creditors are loans due to the Directors of £672,393 (2021: £96,818).

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 17 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	18	575,758	757,576	575,758	757,576
Obligations under finance leases	19	95,064	90,726	95,064	88,125
		<u>670,822</u>	<u>848,302</u>	<u>670,822</u>	<u>845,701</u>

#### 18 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	<u>797,401</u>	<u>2,330,854</u>	<u>797,401</u>	<u>2,280,854</u>
Payable within one year	221,643	1,573,278	221,643	1,523,278
Payable after one year	<u>575,758</u>	<u>757,576</u>	<u>575,758</u>	<u>757,576</u>

Invoice financing balances are secured by a bond and floating charge over the assets of the company.

#### 19 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	64,950	116,886	64,950	113,262
In two to five years	95,064	90,726	95,064	88,125
	<u>160,014</u>	<u>207,612</u>	<u>160,014</u>	<u>201,387</u>

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

#### 20 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Provision for dilapidations	<u>37,639</u>	<u>120,139</u>	<u>22,500</u>	<u>105,000</u>

The provision for dilapidations consists of amounts expected to be paid upon maturity of the group's property leases and is classified as greater than one year.

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

<b>20 Provisions for liabilities</b>		<b>(Continued)</b>
Movements on provisions:		
<b>Group</b>		<b>Provision for dilapidations £</b>
At 1 April 2021		120,139
Utilisation of provision		(82,500)
		<hr/>
At 31 March 2022		37,639
		<hr/> <hr/>
<b>Company</b>		<b>Provision for dilapidations £</b>
At 1 April 2021		105,000
Utilisation of provision		(82,500)
		<hr/>
At 31 March 2022		22,500
		<hr/> <hr/>

## 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2022 £</b>	<b>Liabilities 2021 £</b>
<b>Group</b>		
Accelerated capital allowances	23,669	27,233
	<hr/>	<hr/>
<b>Company</b>		
Accelerated capital allowances	23,669	27,132
	<hr/>	<hr/>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

21	Deferred taxation	(Continued)	
		Group 2022	Company 2022
		£	£
	<b>Movements in the year:</b>		
	Liability at 1 April 2021	27,233	27,132
	Credit to profit or loss	(12,132)	(12,031)
	Effect of change in tax rate - profit or loss	8,568	8,568
	Liability at 31 March 2022	<u>23,669</u>	<u>23,669</u>

22	Retirement benefit schemes	2022	2021
		£	£
	<b>Defined contribution schemes</b>		
	Charge to profit or loss in respect of defined contribution schemes	<u>31,987</u>	<u>22,221</u>

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

23	Share capital	2022	2021	2022	2021
		Number	Number	£	£
	<b>Group and company</b>				
	<b>Ordinary share capital</b>				
	<b>Issued and fully paid</b>				
	Ordinary Shares of £1 each	<u>6,889</u>	<u>6,889</u>	<u>6,889</u>	<u>6,889</u>

24	Reserves
	<b>Profit and loss reserves</b>
	The profit and loss account represents cumulative realisable profits and losses.

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 25 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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	282,403	243,506	254,275	214,000
Between two and five years	906,452	898,330	892,250	856,000
In over five years	148,750	307,550	148,750	307,550
	<u>1,337,605</u>	<u>1,449,386</u>	<u>1,295,275</u>	<u>1,377,550</u>

### 26 Related party transactions

Key management personnel are remunerated through a connected LLP in which they are also designated members and therefore not remunerated through the group.

#### Transactions with related parties

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

Income	Operating cost recharges		Licence fees	
	2022 £	2021 £	2022 £	2021 £
Group				
Other related parties	<u>4,273,113</u>	<u>3,065,922</u>	<u>433,992</u>	<u>309,990</u>
Expenditure	Revenue Share		Sales	
	2022 £	2021 £	2022 £	2021 £
Group				
Associates	-	-	25,878	69,367
Other related parties	<u>5,786,583</u>	<u>4,133,183</u>	<u>-</u>	<u>-</u>
	<u>5,786,583</u>	<u>4,133,183</u>	<u>25,878</u>	<u>69,367</u>

During the period the above transactions were made in relation to a Licence Agreement with an LLP whose designated members are also Directors of the Company.

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 26 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2022 Balance	2021 Restated Balance
	£	£
<b>Group</b>		
Associates	80,528	69,367
Other related parties	1,364,707	2,108,728
	<u>1,445,235</u>	<u>2,178,095</u>

No guarantees have been given or received.

#### 27 Directors' transactions

At the year end a balance of £672,393 (2021: £96,818) was due to the Directors and amount of £13,211 (2021: £nil) due from the Directors. The loans are interest free and repayable on demand. The dividends declared in note 9 are payable to the Directors.

#### 28 Controlling party

The company is controlled by G Hudson, director, who owns 90% (2020: 90%) of the company's issued ordinary share capital.

#### 29 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Profit for the year after tax	374,264	232,870
<b>Adjustments for:</b>		
Taxation charged	108,450	86,510
Finance costs	44,927	43,929
Gain on disposal of tangible fixed assets	(21,880)	(5,391)
Depreciation and impairment of tangible fixed assets	136,226	164,754
Other gains and losses	-	111,914
Decrease in provisions	(82,500)	(60,000)
<b>Movements in working capital:</b>		
Increase in stocks	(312,603)	(140,112)
Increase in debtors	(917,654)	(65,186)
Increase/(decrease) in creditors	2,262,828	(620,854)
<b>Cash generated from/(absorbed by) operations</b>	<u>1,592,058</u>	<u>(251,566)</u>

# INSTOCK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 30 Analysis of changes in net funds/(debt) - group

	1 April 2021	Cash flows	New finance leases	31 March 2022
	£	£	£	£
Cash at bank and in hand	1,405,183	(240,064)	-	1,165,119
Borrowings excluding overdrafts	(2,330,854)	1,533,453	-	(797,401)
Obligations under finance leases	(207,612)	167,805	(120,207)	(160,014)
	<u>(1,133,283)</u>	<u>1,461,194</u>	<u>(120,207)</u>	<u>207,704</u>