

**Company Registration No. 03088906 (England and Wales)**

**IMPACT RETAIL LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2020**

# IMPACT RETAIL LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr M N Sharman Mr S Underwood Mr G W Smith
<b>Secretary</b>	Mr M N Sharman
<b>Company number</b>	03088906
<b>Registered office</b>	Unit 3 Meridian South Meridian Business Park Leicester LE19 1WY
<b>Auditor</b>	Pierce C A Limited Mentor House Ainsworth Street Blackburn Lancashire BB1 6AY
<b>Business address</b>	Unit 3 Meridian South Meridian Business Park Leicester LE19 1WY
<b>Bankers</b>	Barclays Bank PLC 2 Bishop Meadow Road Loughborough Leicestershire LE11 5RE

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# IMPACT RETAIL LTD

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# IMPACT RETAIL LTD

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 OCTOBER 2020*

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The directors present the strategic report for the year ended 31 October 2020.

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

The company has operated in a very competitive environment during the year and the directors consider the results to be satisfactory given the challenging conditions in retail. The focus during the year was business growth and to increase in-house capabilities to enable greater control of direct and indirect costs. Considerable capital investment in both joinery and digital print has enabled the business to strengthen its offering to both existing and new clients.

#### **Principal risks and uncertainties**

The company is exposed to the usual credit risks and cash flow risks associated with selling on credit and manages this through credit control procedures and an invoice discounting facility. The company has also invested in new plant and machinery utilising hire purchase facilities.

The directors consider the company has potential risks similar to those faced by similar companies in the sector, namely, retaining the loyalty of its customers, suppliers and staff.

Considerable emphasis is devoted to maintaining service levels with customers and working closely with suppliers on logistical and quality issues to ensure that high levels of performance are achieved.

Staff are encouraged to contribute fully to the business and the directors recognise that the future success of the business depends on the retention and dedication of key employees. Targeted remuneration packages, which the directors consider to be attractive by industry standards, are offered to mitigate this risk and encourage development.

The impact of the worldwide Coronavirus pandemic, Covid-19, on all businesses also represents an uncertainty and added risk and the true impact of this pandemic will only become apparent over time. The company has made use of available Government incentives, specifically the Coronavirus Job Retention Scheme, and has also received loan funding of £250k under the CBILS initiative during the period under review. Additional loan funding of £100k has been received under CBILS subsequent to the financial year end.

#### **Development and performance**

The directors consider that market conditions will continue to be difficult and challenging, and margins continue to be under pressure. The directors aim to maintain market share and meet its customers requirements.

#### **Key performance indicators**

The directors have identified that the company's sales and margins by customer, sales representative and product type, labour and machine utilisation and efficiency and staff turnover are key performance indicators, and as such are reviewed and monitored by management on a monthly basis.

On behalf of the board

Mr M N Sharman

**Director**

28 May 2021

# IMPACT RETAIL LTD

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 OCTOBER 2020*

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The directors present their annual report and financial statements for the year ended 31 October 2020.

#### **Principal activities**

The principal activity of the company during the year was design and supply of point of sale display materials.

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £268,172. The directors do not recommend payment of a final 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 M N Sharman  
Mr S Underwood  
Mr G W Smith

#### **Auditor**

The auditor, Pierce C A Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

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

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

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

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

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **IMPACT RETAIL LTD**

## **DIRECTORS' REPORT (CONTINUED)** ***FOR THE YEAR ENDED 31 OCTOBER 2020***

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On behalf of the board

Mr M N Sharman  
**Director**

28 May 2021

# IMPACT RETAIL LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPACT RETAIL LTD

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### Opinion

We have audited the financial statements of Impact Retail Ltd (the 'company') for the year ended 31 October 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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.

# IMPACT RETAIL LTD

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

**Mark Walmsley (Senior Statutory Auditor)**  
**for and on behalf of Pierce C A Limited**

**Statutory Auditor**

28 May 2021

Mentor House  
Ainsworth Street  
Blackburn  
Lancashire  
BB1 6AY



# IMPACT RETAIL LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	9,581,770	11,640,712
Cost of sales		(6,554,963)	(7,591,935)
<b>Gross profit</b>		<u>3,026,807</u>	<u>4,048,777</u>
Distribution costs		(188,622)	(318,374)
Administrative expenses		(2,936,267)	(3,150,720)
Other operating income		415,739	-
<b>Operating profit</b>	<b>4</b>	<u>317,657</u>	<u>579,683</u>
Interest receivable and similar income	<b>6</b>	-	49
Interest payable and similar expenses	<b>7</b>	(30,725)	(40,167)
Amounts written off investments	<b>8</b>	(80)	-
<b>Profit before taxation</b>		<u>286,852</u>	<u>539,565</u>
Tax on profit	<b>9</b>	(71,453)	(120,508)
<b>Profit for the financial year</b>		<u><u>215,399</u></u>	<u><u>419,057</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# IMPACT RETAIL LTD

## BALANCE SHEET

**AS AT 31 OCTOBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	12		881,995		149,611
Investments	13		-		80
			<u>881,995</u>		<u>149,691</u>
<b>Current assets</b>					
Stocks	14	50,000		48,291	
Debtors	15	4,241,001		5,200,064	
Cash at bank and in hand		1,127,673		712,939	
		<u>5,418,674</u>		<u>5,961,294</u>	
<b>Creditors: amounts falling due within one year</b>	16	(4,074,584)		(4,709,992)	
<b>Net current assets</b>			<u>1,344,090</u>		<u>1,251,302</u>
<b>Total assets less current liabilities</b>			<u>2,226,085</u>		<u>1,400,993</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(733,225)		-
<b>Provisions for liabilities</b>					
Deferred tax liability	20	157,087		12,447	
		<u>(157,087)</u>		<u>(12,447)</u>	
<b>Net assets</b>			<u>1,335,773</u>		<u>1,388,546</u>
<b>Capital and reserves</b>					
Called up share capital	22		219		219
Share premium account			11,309		11,309
Capital redemption reserve			50		50
Profit and loss reserves			<u>1,324,195</u>		<u>1,376,968</u>
<b>Total equity</b>			<u>1,335,773</u>		<u>1,388,546</u>

The financial statements were approved by the board of directors and authorised for issue on 28 May 2021 and are signed on its behalf by:

Mr M N Sharman  
**Director**

**Company Registration No. 03088906**

# IMPACT RETAIL LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 November 2018</b>		219	11,309	50	1,233,346	1,244,924
<b>Year ended 31 October 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	419,057	419,057
Dividends	<b>10</b>	-	-	-	(275,435)	(275,435)
<b>Balance at 31 October 2019</b>		219	11,309	50	1,376,968	1,388,546
<b>Year ended 31 October 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	215,399	215,399
Dividends	<b>10</b>	-	-	-	(268,172)	(268,172)
<b>Balance at 31 October 2020</b>		219	11,309	50	1,324,195	1,335,773

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

#### Company information

Impact Retail Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3 Meridian South, Meridian Business Park, Leicester, LE19 1WY.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This 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:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.

#### 1.2 Going concern

The company finances its operations by means of an invoice discounting facility. The directors are not aware of any reason why the facility will not be maintained at its current level.

As a result the directors have continued to adopt the going concern basis in preparing the financial statements.

Whilst the directors have adopted the going concern basis set out above, the impact of the worldwide Coronavirus pandemic, Covid-19, on all businesses represents an uncertainty and the true impact of this pandemic will only become apparent over time.

The directors have given due consideration to the impact of the pandemic on the company and consider that it will have adequate resources to manage that impact.

#### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised at the point of delivery.

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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.

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

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

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

Plant and machinery	10% - 14.29% straight line
Fixtures, fittings & equipment	10% straight line
Motor vehicles	20% 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 credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

#### 1.8 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.

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.

#### 1.9 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.

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 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.

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

#### **1.11 Equity instruments**

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

#### **1.12 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

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

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 OCTOBER 2020*

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### **1 Accounting policies**

**(Continued)**

#### **1.13 Employee benefits**

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

#### **1.14 Retirement benefits**

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



# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.15 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 the profit and loss account on a straight line basis over the life of the finance lease obligation.

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

#### 1.16 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.

#### 1.17 Foreign exchange

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

#### 1.18 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

### 2 Judgements and key sources of estimation uncertainty

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

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

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Design and supply of point of sale display materials	9,581,770	11,640,712
	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Other significant revenue</b>		
Interest income	-	49
Grants received - Coronavirus Job Retention Scheme	415,739	-
	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,552,748	10,957,185
Rest of European Union	820,458	184,052
Rest of World	208,564	499,475
	9,581,770	11,640,712

### 4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(7,946)	129
Government grants	(415,739)	-
Fees payable to the company's auditor for the audit of the company's financial statements	10,350	11,404
Depreciation of owned tangible fixed assets	67,370	68,321
Depreciation of tangible fixed assets held under finance leases	8,722	-
Profit on disposal of tangible fixed assets	(10,750)	(7,378)
Operating lease charges	271,483	275,529

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 5 Employees

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

	2020 Number	2019 Number
Production and design	48	42
Administration and selling	42	48
Total	90	90

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,130,522	3,304,833
Social security costs	263,044	263,437
Pension costs	78,745	90,117
	3,472,311	3,658,387

### 6 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	-	8
Other interest income	-	41
Total income	-	49

### 7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	30,725	40,167

### 8 Amounts written off investments

	2020 £	2019 £
Other gains and losses	(80)	-

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(73,187)	115,611
<b>Deferred tax</b>		
Origination and reversal of timing differences	144,640	4,897
Total tax charge	71,453	120,508

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:

	2020 £	2019 £
Profit before taxation	286,852	539,565
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	54,502	102,517
Tax effect of expenses that are not deductible in determining taxable profit	11,444	18,259
Tax effect of utilisation of tax losses not previously recognised	76,935	-
Other non-reversing timing differences	1,759	(268)
Under/(over) provided in prior years	(73,187)	-
Taxation charge for the year	71,453	120,508

### 10 Dividends

	2020 £	2019 £
Interim paid	268,172	275,435

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 November 2019 and 31 October 2020	16,337
<b>Amortisation and impairment</b>	
At 1 November 2019 and 31 October 2020	16,337
<b>Carrying amount</b>	
At 31 October 2020	-
At 31 October 2019	-

### 12 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 November 2019	517,274	374,552	48,695	940,521
Additions	794,547	13,929	-	808,476
Disposals	(130,001)	-	(14,605)	(144,606)
At 31 October 2020	1,181,820	388,481	34,090	1,604,391
<b>Depreciation and impairment</b>				
At 1 November 2019	462,603	279,612	48,695	790,910
Depreciation charged in the year	31,168	44,924	-	76,092
Eliminated in respect of disposals	(130,001)	-	(14,605)	(144,606)
At 31 October 2020	363,770	324,536	34,090	722,396
<b>Carrying amount</b>				
At 31 October 2020	818,050	63,945	-	881,995
At 31 October 2019	54,671	94,940	-	149,611

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

	2020 £	2019 £
Plant and machinery	723,928	-

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries		-	80
		<u>          </u>	<u>          </u>

### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 November 2019	80
Disposals	(80)
	<u>          </u>
At 31 October 2020	-
	<u>          </u>
<b>Carrying amount</b>	
At 31 October 2020	-
	<u>          </u>
At 31 October 2019	80
	<u>          </u>

The company's former subsidiary, Impact Creative Partnership Limited, is now owned by the ultimate parent company, Impact Creative Group Limited.

### 14 Stocks

	2020 £	2019 £
Raw materials and consumables	50,000	48,291
	<u>          </u>	<u>          </u>

### 15 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,695,172	3,999,178
Gross amounts owed by contract customers	500,566	333,351
Corporation tax recoverable	34,244	31,588
Amounts owed by group undertakings	787,160	640,945
Other debtors	125,946	109,280
Prepayments and accrued income	97,913	85,722
	<u>          </u>	<u>          </u>
	4,241,001	5,200,064
	<u>          </u>	<u>          </u>

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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

	Notes	2020 £	2019 £
Bank loans	18	361,006	784,000
Obligations under finance leases	19	134,319	-
Payments received on account		324,436	222,952
Trade creditors		2,140,992	2,197,360
Corporation tax		45,081	138,724
Other taxation and social security		398,673	325,392
Other creditors		37,662	108,718
Accruals and deferred income		632,415	932,846
		<u>4,074,584</u>	<u>4,709,992</u>

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

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	244,792	-
Obligations under finance leases	19	488,433	-
		<u>733,225</u>	<u>-</u>

### 18 Loans and overdrafts

	2020 £	2019 £
Bank loans	605,798	784,000
	<u>605,798</u>	<u>784,000</u>
Payable within one year	361,006	784,000
Payable after one year	244,792	-
	<u>605,798</u>	<u>784,000</u>

The company's banking and invoice discounting facilities are secured by debentures with a first charge over all of the assets of the company in favour of the company's bankers, Barclays Bank plc. In addition, there are cross guarantees in place between all group companies.

Included within the bank loans and overdrafts is an amount of £355,798 (2019 - £784,000) secured on the company's sales ledger balances.

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 19 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	147,648	-
In two to five years	538,175	-
	<u>685,823</u>	<u>-</u>
Less: future finance charges	(63,071)	-
	<u>622,752</u>	<u>-</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.

### 20 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>157,087</u>	<u>12,447</u>
<b>Movements in the year:</b>		<b>2020</b>
		£
Liability at 1 November 2019		12,447
Charge to profit or loss		144,640
		<u>157,087</u>
Liability at 31 October 2020		<u>157,087</u>

### 21 Retirement benefit schemes

	2020	2019
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>78,745</u>	<u>90,117</u>

The company operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.



# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 22 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	219	219	219	219

### 23 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee given to Barclays Bank plc, with Impact Creative Partnership Limited and Impact Creative Group Limited, limited to all monies due from the parties to Barclays Bank plc. As at 31 October 2020, the total amount outstanding to Barclays Bank plc from the parties was £355,798 (2019 - £784,000).

### 24 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	328,000	344,199
Between two and five years	529,926	835,567
	<u>857,926</u>	<u>1,179,766</u>

### 25 Directors' transactions

Mr M N Sharman and Mr G W Smith are directors and shareholders of BPS Toolmakers Ltd. As at 31 October 2020 £49,917 (2019 - £23,853) was owed by BPS Toolmakers Ltd to Impact Retail Ltd.

During the year purchases and recharges of £117,337 (2019 - £211,980) were made from BPS Toolmakers Ltd and recharges of expenditure of £72,559 (2019 - £61,308) were made to BPS Toolmakers Ltd.

During the year rents and expenses of £12,000 (2019 - £12,000) and £2,054 (2019 - £4,460) respectively were paid in respect of a property owned by a director, Mr M N Sharman.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Mr M N Sharman - Director's loan	-	74,355	8,125	82,480
Mr S Underwood - Director's loan	-	12,025	48	12,073
Mr G W Smith - Director's loan	-	10,813	-	10,813
		<u>97,193</u>	<u>8,173</u>	<u>105,366</u>

# IMPACT RETAIL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 OCTOBER 2020*

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### **25 Directors' transactions**

**(Continued)**

The maximum overdrawn balances on the above loans during the year were £82,480, £12,073 and £10,813 respectively.

### **26 Ultimate controlling party**

The company is ultimately controlled by its directors by virtue of their shareholdings in the parent company, Impact Creative Group Limited, a company registered in England and Wales.

