Company registration number 02808675 (England and Wales)

KNOWLEDGE & MERCHANDISING INC. LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

KNOWLEDGE & MERCHANDISING INC. LTD

COMPANY INFORMATION

Directors	H J Dayal R Parsonage D R J King
Company number	02808675
Registered office	71 Kingsway London England WC2B 6ST
Auditor	Azets Audit Services Suites B & D Burnham Yard London End Beaconsfield Buckinghamshire United Kingdom HP9 2JH

KNOWLEDGE & MERCHANDISING INC. LTD

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KNOWLEDGE & MERCHANDISING INC. LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their strategic report of the company and the group for the year ended 31 December 2024.

Review of business

KMI's sales increased from £21.2m in 2023 to £21.5m in 2024. 2024 revenue growth was against continued headwinds of the retail sector, and gross profit decreased by 12% year on year predominantly driven by the Ted Baker brand due to mix of business and retailers driving longer promotional periods.

Retailers are more cautious, however core ranges within both Noughty and Ted Baker performed well. Ted Baker - Seasonal gifting performed well despite the economic backdrop of H2 2024 with retailers such as The Fragrance Shop and TJX leading the growth. Growth was also seen in UK distributors including Stephenson's Online (our Amazon distributor) and Rainbow Cosmetics.

Noughty performed well in core UK retailers, with strong growth coming from Boots and Superdrug, as well as sales via Stephenson's Online (our Amazon distributor). Scalp and hair health products are in demand, and this has enabled Noughty to respond to opportunities. The direct-to-consumer market was also reopened in Europe and the USA during H2 2024.

Internationally, Australia (Noughty) and the Middle East (Ted Baker) performed well and show potential for the next few years.

Cost efficiencies have been reviewed in all areas of the business including a reduction in headcount and consolidation of operational costs.

In addition, stock efficiencies during the year drove a group stock reduction from £4.2m at 2023 close to £2.8m at 2024 close. KMI also achieved an improved closing net group cash balance year-on-year, from £1.4m in 2023 to £2.4m in 2024.

Despite the economic changes and impact to the wider retail space, KMI and its brands continued to grow in 2024. KMI continues its policy of developing innovative and differentiated products for consumers, specifically in purposeful, mission-driven brands. We could not do this without the co-operation of our suppliers, business partners and customers and certainly not without the skill and hard work of our employees. We thank them all for their enthusiastic support of our company and we look forward to continuing successful development in the future.

Principal risks and uncertainties

The directors consider that the main business risks and uncertainties for the Company are:

- Reduced consumer spend in the retail sector against the current global economic backdrop
- EU and MOCRA cosmetics regulation changes - whilst the KMI team are adept at managing these regulatory formulations, the current scale of impact across the product range is unknown

The directors regularly review the risks facing the company and seek to exploit, avoid or mitigate those risks as appropriate.

Key performance indicators

The most relevant indicators for the business for 2024 are:

- Turnover has increased from £21.2m in 2023 to £21.5m in 2024.
- Gross Profit has decreased by 12% from 2023.
- Profit before Taxation has increased by 16% from 2023.

On behalf of the board

H J Dayal

Director

24 April 2025

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2024.

Principal activities

The principal activity of the group continues to be the creation and marketing of branded toiletries, fragrances and cosmetic preparations.

The principal activity of the company is that of a holding company.

Results and dividends

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

The total distribution of dividends for the year ended 31 December 2024 was £181,246 (2023: £Nil).

The directors have not proposed a final ordinary dividend in respect of the current or the prior financial year.

Directors

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

H J Dayal
R Parsonage
D R J King

Financial instruments

Interest rate risk

At the balance sheet date, the directors consider that there is no significant interest rate risk for the group. The Bank of England base rate has been held at 4.5% since March 2025 and recent Monetary Policy Committee meeting minutes indicate they expect to hold the current rate. Should the economic climate change, the directors will consider whether hedging arrangements are required.

Foreign exchange risk

The Group manages the net exposure to ensure it is kept to an acceptable level by reviewing the valuation of monetary assets and liabilities on an ongoing basis.

Credit risk

The directors consider that the Group is exposed to minimal credit risk, given its main customers are reputable blue-chip multiples. The Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. At the balance sheet date the directors consider that there was no significant concentration of credit risk.

Fair value comments

The directors consider that there is no material difference between the fair value of the Company's financial assets and liabilities and their carrying value in the balance sheet.

Research and development

The group continues to develop its products in line with its principal activities.

Auditor

The auditor, Azets Audit Services, 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

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

H J Dayal
Director

24 April 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE & MERCHANDISING INC. LTD

Opinion

We have audited the financial statements of Knowledge & Merchandising Inc. Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the group profit and loss account, 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 December 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KNOWLEDGE & MERCHANDISING INC. LTD

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Adam East ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

24 April 2025

Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
London End
Beaconsfield
Buckinghamshire
United Kingdom
HP9 2JH

KNOWLEDGE & MERCHANDISING INC. LTD

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Turnover	**3**	21,524	21,188
Cost of sales		(14,716)	(13,434)
Gross profit		6,808	7,754
Administrative expenses		(6,223)	(7,186)
Operating profit	**5**	585	568
Interest payable and similar expenses	**9**	(103)	(152)
Profit before taxation		482	416
Tax on profit	**10**	(161)	(196)
Profit for the financial year		321	220

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

KNOWLEDGE & MERCHANDISING INC. LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £'000	2023 £'000
Profit for the year	321	220
Other comprehensive income		
Currency translation gain/(loss) arising in the year	20	(61)
Total comprehensive income for the year	341	159
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	341	159
- Non-controlling interests	-	-
	341	159

KNOWLEDGE & MERCHANDISING INC. LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2024

		2024		2023	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Goodwill	**12**		385		504
Other intangible assets	**12**		51		147
Total intangible assets			436		651
Tangible assets	**13**		118		177
			554		828
Current assets					
Stocks	**16**	2,811		4,206	
Debtors	**17**	6,970		7,050	
Cash at bank and in hand		2,395		1,761	
		12,176		13,017	
Creditors: amounts falling due within one year	**18**	(6,797)		(7,595)	
Net current assets			5,379		5,422
Total assets less current liabilities			5,933		6,250
Creditors: amounts falling due after more than one year	**19**		(341)		(795)
Provisions for liabilities					
Deferred tax liability	**21**	10		33	
			(10)		(33)
Net assets			5,582		5,422
Capital and reserves					
Called up share capital	**24**		3		3
Share premium account			1,054		1,054
Currency translation reserve			(41)		(61)
Profit and loss reserves			4,566		4,426
Total equity			5,582		5,422

The financial statements were approved by the board of directors and authorised for issue on 24 April 2025 and are signed on its behalf by:

H J Dayal
Director

Company registration number 02808675 (England and Wales)

KNOWLEDGE & MERCHANDISING INC. LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Investments	**14**		3,154		3,154
Current assets					
Cash at bank and in hand		1		1	
Creditors: amounts falling due within one year	**18**	(1,762)		(1,580)	
Net current liabilities			(1,761)		(1,579)
Total assets less current liabilities			1,393		1,575
Capital and reserves					
Called up share capital	**24**		3		3
Share premium account			1,054		1,054
Profit and loss reserves			336		518
Total equity			1,393		1,575

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,000 (2023: £425,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 April 2025 and are signed on its behalf by:

H J Dayal
Director

Company Registration No. 02808675

KNOWLEDGE & MERCHANDISING INC. LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital £'000	Share premium account £'000	Currency translation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2023		3	1,054	-	4,206	5,263
Year ended 31 December 2023:						
Profit and total comprehensive income for the year		-	-	-	220	220
Transfers		-	-	(61)	-	(61)
Balance at 31 December 2023		3	1,054	(61)	4,426	5,422
Year ended 31 December 2024:						
Profit and total comprehensive income for the year		-	-	-	321	321
Dividends	**11**	-	-	-	(181)	(181)
Currency translation differences		-	-	20	-	20
Balance at 31 December 2024		3	1,054	(41)	4,566	5,582

KNOWLEDGE & MERCHANDISING INC. LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2023		3	1,054	93	1,150
Year ended 31 December 2023:					
Profit and total comprehensive income for the year		-	-	425	425
Balance at 31 December 2023		3	1,054	518	1,575
Year ended 31 December 2024:					
Loss and total comprehensive income for the year		-	-	(1)	(1)
Dividends	**11**	-	-	(181)	(181)
Balance at 31 December 2024		3	1,054	336	1,393

KNOWLEDGE & MERCHANDISING INC. LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024		2023	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Cash flows from operating activities					
Cash generated from operations	**30**		1,678		1,283
Interest paid			(103)		(152)
Income taxes paid			(252)		(128)
Net cash inflow from operating activities			1,323		1,003
Investing activities					
Purchase of intangible assets		-		(115)	
Purchase of tangible fixed assets		(37)		(6)	
Net cash used in investing activities			(37)		(121)
Financing activities					
Repayment of bank loans		(491)		(417)	
Dividends paid to equity shareholders		(181)		-	
Net cash used in financing activities			(672)		(417)
Net increase in cash and cash equivalents			614		465
Cash and cash equivalents at beginning of year			1,761		1,357
Effect of foreign exchange rates			20		(61)
Cash and cash equivalents at end of year			2,395		1,761

1 Accounting policies

Company information

Knowledge & Merchandising Inc. Ltd (“the company”) is a private limited company domiciled and incorporated in England and Wales. The registered office is 71 Kingsway, London, England, WC2B 6ST.

The group consists of Knowledge & Merchandising Inc. Ltd and all of its subsidiaries.

These financial statements were authorised for issue by the directors on 24 April 2025.

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 £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

1.2 Business combinations

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

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Knowledge & Merchandising Inc. Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

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

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

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

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods.

Sale of goods
Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

1 Accounting policies **(Continued)**

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 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 any accumulated impairment losses.

Development expenditure is recognised as an intangible asset when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Amortisation is charged to write off the cost of the intangible assets less their residual values over their estimated useful lives on a straight line basis. Trademarks and licences are written off over their useful economic life of 10 years.

Research expenditure is written off against profits in the year in which it is incurred.

If there are indicators of a significant movement in the useful life or residual value of the asset, amortisation is revised prospectively to reflect this.

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

Software	Straight line over 3 years

1.8 Tangible fixed assets

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

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:

Improvements to property	Straight line over the life of the lease
Fixtures and fittings	Straight line over 1-7 years
Computer equipment	Straight line over 3 years

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 Accounting policies **(Continued)**

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

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

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of components the weighted average purchase price is used.

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 Accounting policies **(Continued)**

1.12 Cash and cash equivalents

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

1.13 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

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, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

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

1.17 Retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the consolidated statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

1.18 Share-based payments

The company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant and recognised as an employee expense with a corresponding increase to equity. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the company's estimate of the shares that will eventually vest.

Fair value is measured by use of an asset-based valuation methodology. This is considered the most appropriate methodology based on the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest and market conditions if applicable. Payments made to repurchase or cancel vested awards are accounted for with the fair value of the options cancelled, measured at the date of cancellation being taken to retained earnings; the balance is taken to the income statement. On cancellation an accelerated charge would be recognised immediately.

The proceeds received when vested options are exercised, net of any directly attributable transactions costs, are credited to share capital and share premium.

1.19 Leases

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

1 Accounting policies **(Continued)**

1.20 Foreign exchange

Each entity in the group determines its functional currency and items included in the financial statements of each entity are measured using that currency. The assets and liabilities of overseas subsidiaries are translated into the presentational currency at the rate of exchange ruling at the reporting date. All resulting exchange differences are recognised in other comprehensive income. Transactions in foreign currencies are recorded at rate of exchange prevailing on the date of the transaction. At each reporting end date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.21 Discounting of trade debtor invoices

Trade debtors, which have been assigned under a discounting facility on a non-recourse basis, are shown under trade debtors as current assets. The company bears the significant risks and benefits from trade debtors assigned. Any discount facility advanced against such assets is shown separately under creditors: amounts falling due within one year.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover

A total of 6% (2023: 7%) of the group's turnover is attributable to geographical markets outside the United Kingdom.

4 Exceptional item

	2024	2023
	£'000	£'000
Expenditure		
Exceptional item - Administrative costs	-	333

In the prior year, one-off restructuring costs were incurred as a result of a review of the business structure. The balance was treated as a deductible expense and included as an exceptional cost.

5 Operating profit

	2024	2023
	£'000	£'000
Operating profit for the year is stated after charging:		
Exchange losses	23	117
Depreciation of owned tangible fixed assets	96	110
Amortisation of intangible assets	215	284
Operating lease charges	264	215

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2024 £'000	2023 £'000
For audit services		
Audit of the financial statements of the group and company	32	32
For other services		
All other non-audit services	16	12

7 Employees

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

	Group 2024 Number	2023 Number	Company 2024 Number	2023 Number
Management	6	6	-	-
Finance	6	5	-	-
Sales and operations	29	36	-	-
Administration	2	3	-	-
Total	43	50	-	-

Their aggregate remuneration comprised:

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Wages and salaries	3,001	3,537	-	-
Social security costs	347	374	-	-
Pension costs	123	126	-	-
	3,471	4,037	-	-

8 Directors' remuneration

	2024 £'000	2023 £'000
Remuneration for qualifying services	607	775
Company pension contributions to defined contribution schemes	25	21
	632	796

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2023 - 1).

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

	2024 £'000	2023 £'000
Remuneration for qualifying services	346	370

9 Interest payable and similar expenses

	2024 £'000	2023 £'000
Interest on bank overdrafts and loans	103	152

10 Taxation

	2024 £'000	2023 £'000
Current tax		
UK corporation tax on profits for the current period	183	228
Adjustments in respect of prior periods	-	(33)
Total UK current tax	183	195
Foreign current tax on profits for the current period	1	1
Total current tax	184	196
Deferred tax		
Origination and reversal of timing differences	(23)	-
Total tax charge	161	196

10 Taxation **(Continued)**

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

	2024 £'000	2023 £'000
Profit before taxation	482	416
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%)	121	98
Tax effect of expenses that are not deductible in determining taxable profit	(33)	14
Under/(over) provided in prior years	40	(33)
Capital allowances less than depreciation	44	52
Deferred tax movement in the year	(23)	-
Unutilised tax losses carried forward in a foreign jusidiction	12	65
Taxation charge	161	196

Factors that may affect future tax charges
At Autumn Budget 2024, the government annouced that it will introduce legislation in Finance Bill 2024-25 to set the charge for Corporation Tax as it does every year, to maintain the main rate at 25% and the small profits rate at 19% for the financial year beginning 1 April 2026.

11 Dividends

Recognised as distributions to equity holders:	2024 £'000	2023 £'000
Final paid	181	-

12 Intangible fixed assets

Group	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2024 and 31 December 2024	2,376	533	2,909
Amortisation and impairment			
At 1 January 2024	1,872	386	2,258
Amortisation charged for the year	119	96	215
At 31 December 2024	1,991	482	2,473
Carrying amount			
At 31 December 2024	385	51	436
At 31 December 2023	504	147	651

The company had no intangible fixed assets at 31 December 2024 or 31 December 2023.

13 Tangible fixed assets

Group	Improvements to property	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2024	275	381	218	874
Additions	-	25	12	37
At 31 December 2024	275	406	230	911
Depreciation and impairment				
At 1 January 2024	220	293	184	697
Depreciation charged in the year	55	31	10	96
At 31 December 2024	275	324	194	793
Carrying amount				
At 31 December 2024	-	82	36	118
At 31 December 2023	55	88	34	177

The company had no tangible fixed assets at 31 December 2024 or 31 December 2023.

14 Fixed asset investments

		Group		Company	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	15	-	-	3,154	3,154

Movements in fixed asset investments

Company	Shares in subsidiaries £'000
Cost or valuation	
At 1 January 2024 and 31 December 2024	3,154
Carrying amount	
At 31 December 2024	3,154
At 31 December 2023	3,154

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
KMI Brands Limited	UK	Ordinary £1 shares	100.00	-
KMI Brands Inc.	USA	Ordinary $1 shares	0	100.00
KMI Brands Europe Limited	Ireland	Ordinary EUR1 shares	0	100.00

On 12 August 2024 the group disposed of the investment in 13201988 Canada Inc., a dormant subsidiary, for consideration of £Nil.

16 Stocks

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	2,811	4,206	-	-

An impairment arising of £2,000 (2023: £20,000) due to slow-moving and obsolete stock was recognised in cost of sales during the year.

17 Debtors

	Group		Company	
	2024	2023	2024	2023
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	6,693	4,966	-	-
Other debtors	-	5	-	-
Discounting facility	14	-	-	-
Prepayments and accrued income	263	2,079	-	-
	6,970	7,050	-	-

A reversal of impairment arising of £41,000 (2023: an impairment of £52,000) due to bad and doubtful debts was recognised in administrative expenses during the year.

18 Creditors: amounts falling due within one year

		Group		Company	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Bank loans	20	455	492	-	-
Trade creditors		1,559	1,959	-	-
Amounts owed to group undertakings		-	-	1,761	1,579
Corporation tax payable		183	251	-	-
Other taxation and social security		1,122	1,159	-	-
Other creditors		35	417	-	-
Accruals and deferred income		3,443	3,317	1	1
		6,797	7,595	1,762	1,580

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	20	341	795	-	-

20 Loans and overdrafts

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans	796	1,287	-	-
Payable within one year	455	492	-	-
Payable after one year	341	795	-	-

20 Loans and overdrafts **(Continued)**

The bank loan attracts interest at 3.45% plus the Bank of England Bank Rate per annum. The loan is repayable in equal instalments and final repayment is due 6 years from the date of initial drawdown.

21 Deferred taxation

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

Group	Liabilities 2024 £'000	Liabilities 2023 £'000
Accelerated capital allowances	10	33

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2024 £'000	Company 2024 £'000
Liability at 1 January 2024	33	-
Credit to profit or loss	(23)	-
Liability at 31 December 2024	10	-

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

Defined contribution schemes	2024 £'000	2023 £'000
Charge to profit or loss in respect of defined contribution schemes	123	126

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. Contributions amounting to £15,000 (2023: £nil) were payable to the scheme and are included in creditors.

23 Share-based payment transactions

Exit share option scheme
Share options to purchase A Ordinary shares of the company are granted to key personnel. The options vest upon grant and the exercise price of each option is £0.10. The majority of options are exercisable only on a sale of the company or a public offering. The contractual life of the options is ten years. There are no cash settlement alternatives.

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2024 is £Nil (2023: £Nil). The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

Group and company	Number of share options		Weighted average exercise price	
	2024	2023	2024	2023
	Number	Number	£'000	£'000
Outstanding at 1 January 2024 and 31 December 2024	1,706	1,706	0.10	0.10
Granted	-	-	0.10	0.10
Exercised	-	-	0.10	0.10
Exercisable at 31 December 2024	1,706	1,706	0.10	0.10

The options outstanding at 31 December 2024 had an exercise price of £0.10, and a remaining contractual life of 6 years.

24 Share capital

	Group and company	
	2024	2023
Ordinary share capital	£'000	£'000
Issued and fully paid		
25,173 Ordinary shares of 10p each	3	3
467 Ordinary A shares of 10p each	-	-
	3	3

25 Reserves

Share premium reserve
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Retained earnings
This reserve records all the current and prior year retained earnings.

Currency translation reserve
This reserve records the current and prior year currency retranslation on subsidiary reserves.

26 Financial commitments, guarantees and contingent liabilities

There are fixed and floating charges over the assets of the company and KMI Brands Limited, including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future, to secure the group's debt discounting arrangements.

The group did utilise the discounting arrangement at the year end and had a closing debtor of £13,000 (2023: £398,000 liability).

At the year end there are bank loans totalling £796,000 (2023: £1,287,000). This loan is secured with a cross-party guarantee between the company, KMI Brands Limited and KMI Brands Inc. in favour of the lender.

27 Operating lease commitments

Lessee

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Within one year	256	215	-	-
Between two and five years	972	-	-	-
	1,228	215	-	-

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024	2023
	£'000	**£'000**
Aggregate compensation	711	892

Transactions with related parties

The Knowledge & Merchandising Inc. Ltd group of companies has taken advantage of the exemption contained in FRS 102 section 33 and has therefore not disclosed transactions or balances with wholly owned subsidiaries of Knowledge & Merchandising Inc. Ltd.

There exists a personal guarantee from H J Dayal limited to £100,000 (2023: £100,000).

29 Controlling party

It is the opinion of the directors that there is no ultimate controlling party.

30 Cash generated from group operations

	2024 £'000	2023 £'000
Profit for the year after tax	321	220
Adjustments for:		
Taxation charged	161	196
Finance costs	103	152
Amortisation and impairment of intangible assets	215	284
Depreciation and impairment of tangible fixed assets	96	110
Movements in working capital:		
Decrease in stocks	1,395	564
Decrease in debtors	80	1,316
Decrease in creditors	(693)	(1,559)
Cash generated from operations	1,678	1,283

31 Analysis of changes in net funds - group

	1 January 2024 £'000	Cash flows £'000	Exchange rate movements £'000	31 December 2024 £'000
Cash at bank and in hand	1,761	614	20	2,395
Borrowings excluding overdrafts	(1,287)	491	-	(796)
Invoice discounting arrangement	(398)	411	-	13
	76	1,516	20	1,612