REGISTERED NUMBER: 03479538 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2020

for

PJ Colours Limited

Contents of the Financial Statements for the Year Ended 31 December 2020

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	N J Hamilton H R Jackson J Spence N D Jackson
SECRETARY:	J Spence
REGISTERED OFFICE:	The Glades Festival Way Festival Park Stoke on Trent Staffordshire ST1 5SQ
REGISTERED NUMBER:	03479538 (England and Wales)
AUDITORS:	Mitten Clarke Audit Limited Statutory Auditors The Glades Festival Way Stoke on Trent Staffordshire ST1 5SQ

Strategic Report
for the Year Ended 31 December 2020

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

REVIEW OF BUSINESS
Overall, 2020 in terms of revenue was very good considering the impacts of Covid 19. Sales were 7% down against budget, but almost 15% of the trading year was lost due to the national lockdown.

The company witnessed a significant downturn in trade in April 2020, due to the pandemic. Sales recovered in June and demand remained very strong throughout the remainder of the year.

Gross profit margins remained strong at 22.1% in the current year, compared to 19.6% in the prior period. This is due to the utilisation of stock items during the pandemic and the factory running incredibly lean during the months of April, May and June.

Administration costs remained fairly constant throughout the year with minimal fluctuations across the board.

Net profit margins before tax increased by 2% from 5.4% in the prior period up to 7.7% in the current year. This is mainly due to the increase in gross profit margins as discussed above.

The company received funding of £1.25m from the Coronavirus Business Interruption Loan Scheme in April 2020. The CBILS loan was paid back in full in March 2021. In addition to the CBILS loan, the company also benefitted from the Coronavirus Job Retention Scheme (CJRS) support grant during the year, receiving £150k. This was not utilised throughout the full period with all staff returning to work in November 2020.

Construction in the UK and globally remains strong and demand for construction related products is expected to be very high in 2021.

The company continues to be audited to the following quality and environmental standards, ISO9001 & ISO14001. In October 2020, the company was awarded ISO45001 accreditation from BSi.

PRINCIPAL RISKS AND UNCERTAINTIES
We are constantly reviewing the current Covid 19 situation and continue to put measures in place to ensure the safety and well-being of staff and visitors. This has not compromised the efficiency of the operation and we have experienced no drop in productivity through the crisis.

Price risk
The company operates in a highly competitive industry, which is subject to price pressure from both local and overseas competition. Raw materials costs and freight costs have increased dramatically since October 2020, which in turn has seen prices increase globally. Sea freight continues to be challenging as demand outstrips supply and freight costs, particularly from The Far East are at an all- time high.

Availability of raw materials & packaging

There is difficulty in obtaining some raw materials & packaging lines due to the delayed impacts of the Covid-19 pandemic. The huge demand globally has created bottlenecks with some suppliers and this has been exasperated by delays in transport.

FINANCIAL INSTRUMENT RISK

The business is exposed to the risk that financial instruments held by the company impact on its ability to operate effectively and profitably. The risks which are relevant to the company's operations are:

Currency risk

The company purchases many of its raw materials from overseas suppliers and as such, is often exposed to fluctuations in foreign exchange rates. The board reviews the impact movements in foreign exchange has on both imports and exports on an ongoing basis.

Credit risk

The company makes regular sales to existing customers which is considered to reduce credit risk. Policies are in place to ensure that provisions for bad debts are made when considered necessary.

Cashflow risks

The company carefully manages its stock holding and debtor book to ensure that sufficient cash is available to meet operational need. The company holds adequate cash balances and so it is not considered that cashflow issues are a significant risk to the company.

Liquidity risks

The company funds its working capital need through the generation and retention of profits. Management is confident that additional bank funding facilities would be available, should it be required, to fund working capital, further investment or any future expansion plans.

Strategic Report
for the Year Ended 31 December 2020

KEY PERFORMANCE INDICATORS
The board monitors progress of the company using the following KPIs:

Revenue

	2020	1/5/19 - 31/12/19
Revenue	£13,350,061	£9,338,056 (£14.01m ann.)
(Decrease) / Increase	(6.5% ann.)	(2.2% ann.)

This KPI is calculated by taking the turnover and other operating income for the year. This is compared to the previous year and movement is shown as a percentage.

Operating Profit

	2020	1/5/19 - 31/12/19
Operating Profit	£1,076,415	£523,501
% of revenue	8.1%	5.6%

This KPI is calculated by taking the total revenue and deducting, the cost of sales, distribution costs and administrative expenses.

FUTURE DEVELOPMENTS
The company expects a higher level of activity in terms of revenue and volume for the year 2021 and has managed to add some new product lines to an already expanding portfolio.

The company has since relocated the business to future proof the growth and expansion of the company, completing the purchase of new premises in August 2021. The new site will not only allow for expansion and investment in existing business lines, but will allow the company to diversify into the production of new products and new areas of research.

ON BEHALF OF THE BOARD:

H R Jackson - Director

27 September 2021

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the manufacture and sale of pigments and additives to the concrete and asphalt industries.

DIVIDENDS
Interim dividends of £401,849 were paid during the year.

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2020 will be £401,849.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

N J Hamilton
H R Jackson
J Spence
N D Jackson

DISCLOSURE IN THE STRATEGIC REPORT
The company has chosen in accordance with section 414C(11) of Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 set out in company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
Mitten Clarke Audit Limited, has indicated its willingness to continue in office and will be proposed for re-appointment in accordance with section 485 Companies Act 2006.

ON BEHALF OF THE BOARD:

H R Jackson - Director

27 September 2021

Report of the Independent Auditors to the Members of PJ Colours Limited

Opinion
We have audited the financial statements of PJ Colours Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, data protection, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations through making enquiries of management and reviewing legal and professional fee invoices.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries posted during the period and at the period end to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions; and
- performed walkthrough tests on major transaction cycles and performed specific controls testing on the purchases cycle.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC; and
- reviewing legal and professional fees incurred during the period to identify any potential indications of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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 a Report of the Auditors 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.

Lindsey Shepherd (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

29 September 2021

Income Statement
for the Year Ended 31 December 2020

	Notes	Year Ended 31.12.20 £	£	Period 1.5.19 to 31.12.19 £	£
TURNOVER	4		13,350,061		9,338,056
Cost of sales			10,393,734		7,503,746
GROSS PROFIT			2,956,327		1,834,310
Distribution costs		599,185		407,749	
Administrative expenses		1,506,875		903,060	
			2,106,060		1,310,809
			850,267		523,501
Other operating income	5		226,184		-
OPERATING PROFIT	7		1,076,451		523,501
Interest receivable and similar income	8		1,288		68,041
			1,077,739		591,542
Interest payable and similar expenses	9		53,264		83,533
PROFIT BEFORE TAXATION			1,024,475		508,009
Tax on profit	10		193,029		75,532
PROFIT FOR THE FINANCIAL YEAR			831,446		432,477

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 December 2020

	Notes	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
PROFIT FOR THE YEAR		831,446	432,477
OTHER COMPREHENSIVE INCOME			
Gain on revaluation of Freehold Property		12,378	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		12,378	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		843,824	432,477

The notes form part of these financial statements

Statement of Financial Position
31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	12		577,370		502,687
CURRENT ASSETS					
Stocks	13	1,286,855		2,027,637	
Debtors	14	3,141,935		4,477,121	
Cash at bank and in hand		1,776,091		152,710	
		6,204,881		6,657,468	
CREDITORS					
Amounts falling due within one year	15	3,997,410		3,188,745	
NET CURRENT ASSETS			2,207,471		3,468,723
TOTAL ASSETS LESS CURRENT LIABILITIES			2,784,841		3,971,410
CREDITORS					
Amounts falling due after more than one year	16		(112,467)		(1,738,011)
PROVISIONS FOR LIABILITIES	20		(50,000)		(53,000)
NET ASSETS			2,622,374		2,180,399
CAPITAL AND RESERVES					
Called up share capital	21		200,000		200,000
Revaluation reserve	22		325,281		312,903
Retained earnings	22		2,097,093		1,667,496
SHAREHOLDERS' FUNDS			2,622,374		2,180,399

The financial statements were approved for issue by the Board of Directors and authorised for issue on 27 September 2021 and were signed on its behalf by:

H R Jackson - Director

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 May 2019	200,000	1,660,019	312,903	2,172,922
Changes in equity				
Dividends	-	(425,000)	-	(425,000)
Total comprehensive income	-	432,477	-	432,477
Balance at 31 December 2019	200,000	1,667,496	312,903	2,180,399
Changes in equity				
Dividends	-	(401,849)	-	(401,849)
Total comprehensive income	-	831,446	12,378	843,824
Balance at 31 December 2020	200,000	2,097,093	325,281	2,622,374

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

PJ Colours Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **STATEMENT OF COMPLIANCE**

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

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
The financial statements cover the company as an individual entity, have been prepared under the historical cost convention modified to include the revaluation of freehold property and certain financial instruments at fair value; and are presented in Pounds Sterling (£) being the functional currency.

The financial statements have been prepared on the assumption that the company is able to carry on business as a going concern, which the directors consider appropriate having regard to the company's current and expected performance.

The financial statements for the prior year were for a period shorter than one year for commercial reasons. As a result, the comparative amounts presented in the financial statements, including related notes, are not entirely comparable.

Particular consideration has been given to the impact of the Coronavirus and Brexit on the company's ability to operate for the foreseeable future.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b), 12.29A and;
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Procter Johnson Holdings Limited as at 31 December 2020 and these financial statements may be obtained from The Glades, Festival Way, Festival Park, Stoke-On-Trent, Staffordshire, United Kingdom, ST1 5SQ.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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3. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
In the directors' opinion critical judgements and estimates which impact the financial statements are listed below.

Key sources of estimation uncertainty

Property revaluation:

Freehold property is measured using the revaluation model and as such requires significant judgement.
An external valuation has been undertaken at a date different to the year end. As such, directors judgements are required to determine the valuation of the freehold property at the year end. The directors judgements have been based on their knowledge of the freehold properties taking account of geographical locations, estimated rental values and the external valuation undertaken.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, after discounts, returns and rebates, excluding value added tax and other sales taxes.

Sale of goods
Turnover from the sale of goods is recognised when all the following conditions are satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transition can be measured reliably.

Usually, turnover from the sale of goods is recognised when the goods are delivered and legal title has passed.

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3. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Tangible fixed assets under the cost model are stated at historical cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	-	Straight line over 30 years
Plant and machinery	-	33.33% , 20% and 10% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	33.33% on cost and 25% on reducing balance

The company has adopted a policy of revaluing freehold property and it is stated at its revalued amount less any subsequent depreciation and accumulated impairment losses. The difference between the depreciation based on the revalued amount charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Government grants
Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

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3. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions for basic financial instruments set out by the FRC in 'Amendments to FRS102: Basic Financial Instruments and Hedge Accounting' are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet these conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

(ii) Investments and Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable net of direct issue costs.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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3. **ACCOUNTING POLICIES - continued**

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
United Kingdom	9,404,474	6,736,859
Rest of the world	3,945,587	2,601,197
	13,350,061	9,338,056

continued...

5. OTHER OPERATING INCOME

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Other income	42,523	-
Government grants	183,661	-
	226,184	-

6. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Wages and salaries	951,711	593,466
Social security costs	75,874	45,365
Other pension costs	118,150	71,239
	1,145,735	710,070

The average number of employees during the year was as follows:

	Year Ended 31.12.20	Period 1.5.19 to 31.12.19
Directors	4	4
Employees	33	32
	37	36

continued...

6. EMPLOYEES AND DIRECTORS - continued

	Year ended 31.12.2020 £	Period 1.5.19 to 31.12.2019 £
Directors' remuneration	243,430	116,258
Directors' pension contributions to money purchase schemes	104,240	65,908

The number of directors to whom retirement benefits were accruing under money purchase schemes was 4 (31.12.2019: 4).

Information regarding the highest paid director for the year ended 31 December 2020 is as follows:

	Year ended 31.12.2020 £
Emoluments	63,032
Pension contributions to money purchase schemes	40,000

7. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2020 £	2019 £
Hire of plant and machinery	91	16,812
Leasing of plant and machinery	28,182	92,323
Rent	108,246	-
Depreciation - owned assets	66,574	59,182
Depreciation - assets on finance leases	484	-
Auditors' remuneration	6,537	5,655
Auditors' remuneration for none audit work	6,650	6,650
Foreign exchange differences	83,349	(16,665)

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Deposit account interest	631	771
Other loan interest	-	67,270
Other interest	657	-
	1,288	68,041

 continued...

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Bank loan interest	32,616	615
Invoice discounting interest	18,319	24,565
Other loan interest	2,329	58,353
	53,264	83,533

10. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Current tax:		
UK corporation tax	197,929	101,918
(Over)/Under provision	-	(23,386)
Total current tax	197,929	78,532
Deferred tax	(4,900)	(3,000)
Tax on profit	193,029	75,532

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Profit before tax	1,024,475	508,009
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	194,650	96,522
Effects of:		
Expenses not deductible for tax purposes	593	3,928
Adjustments to tax charge in respect of previous periods	-	(23,386)
Change in deferred tax rate	-	1,009
Group relief	-	(2,541)
Deferred tax rounding	(2,214)	-
Total tax charge	193,029	75,532

Tax effects relating to effects of other comprehensive income

		2020	
	Gross £	Tax £	Net £
Gain on revaluation of Freehold Property	12,378	-	12,378

continued...

11. DIVIDENDS

	Year Ended 31.12.20 £	Period 1.5.19 to 31.12.19 £
Ordinary shares of £1 each		
Interim	401,849	425,000

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2020	385,000	607,754	200,397	58,573	1,251,724
Additions	-	34,587	-	92,876	127,463
Revaluations	10,000	-	-	-	10,000
At 31 December 2020	395,000	642,341	200,397	151,449	1,389,187
DEPRECIATION					
At 1 January 2020	4,278	547,177	142,664	54,918	749,037
Charge for year	-	37,989	24,930	4,139	67,058
Revaluation adjustments	(4,278)	-	-	-	(4,278)
At 31 December 2020	-	585,166	167,594	59,057	811,817
NET BOOK VALUE					
At 31 December 2020	395,000	57,175	32,803	92,392	577,370
At 31 December 2019	380,722	60,577	57,733	3,655	502,687

Tangible fixed assets with a carrying value of £485,068 (2019 - £502,687) are pledged as security for the invoice discounting facility account included in creditors.

Tangible fixed assets with a carrying value of £92,392 (2019 - £0) are pledged as security against the finance lease liability included in creditors.

Cost or valuation at 31 December 2020 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2019	312,725	-	-	-	312,725
Valuation in 2020	10,000	-	-	-	10,000
Cost	72,275	642,341	200,397	151,449	1,066,462
	395,000	642,341	200,397	151,449	1,389,187

continued...

12. TANGIBLE FIXED ASSETS - continued

If freehold property had not been revalued it would have been included at the following historical cost:

	31.12.20	31.12.19
	£	£
Cost	72,275	72,275
Net book value	35,902	37,967

Freehold property was valued 29 June 2021 by Matthews & Goodman LLP, chartered surveyors and property consultants. The directors are of the view that there is no material difference between this valuation of the commercial property at 29 June 2021 and the fair value of freehold property held at 31 December 2020.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Motor vehicles
	£
COST OR VALUATION	
Additions	92,876
At 31 December 2020	92,876
DEPRECIATION	
Charge for year	484
At 31 December 2020	484
NET BOOK VALUE	
At 31 December 2020	92,392

13. STOCKS

	2020	2019
	£	£
Raw materials	464,437	1,043,638
Finished goods	822,418	983,999
	1,286,855	2,027,637

The total carrying amount of stock of £1,286,855 (2019 - £2,027,637) is pledged as security for the invoice finance account and loans included in creditors.

14. DEBTORS

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	2,866,087	2,650,527
Other debtors	17,375	17,375
Tax	87,481	-
Prepayments	41,171	60,197
	3,012,114	2,728,099
Amounts falling due after more than one year:		
Amounts owed by group undertakings	129,821	1,749,022
Aggregate amounts	3,141,935	4,477,121

continued...

14. DEBTORS - continued

The amounts owed by group undertakings are unsecured and interest is being charged at a commercial rate.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Invoice discounting facility (see note 17)	694,271	924,102
Bank loans and overdrafts (see note 17)	791,668	27,694
Finance leases (see note 18)	5,547	-
Trade creditors	2,030,715	1,873,546
Tax	-	178,845
Social security and other taxes	37,267	21,649
VAT	128,202	92,085
Other creditors	202,833	-
Net wages	2,353	15,518
Accrued expenses	104,554	55,306
	3,997,410	3,188,745

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans (see note 17)	45,138	220,838
Finance leases (see note 18)	67,329	-
Amounts owed to group undertakings	-	1,517,173
	112,467	1,738,011

The amounts owed to group undertakings are unsecured and interest is being charged at a commercial rate.

17. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Invoice discounting facility	694,271	924,102
Bank loans	791,668	27,694
	1,485,939	951,796
Amounts falling due between two and five years:		
Bank loans - 2-5 years	45,138	220,838

continued...

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	5,547	-
Between one and five years	67,329	-
	72,876	-

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	12,881	27,025
Between one and five years	7,345	7,122
	20,226	34,147

19. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Finance leases	72,876	-
Bank loan	836,806	248,532
Invoice discounting facility	694,271	924,102
	1,603,953	1,172,634

The invoice discounting facility and loan are secured by way of a debenture incorporating a first legal mortgage and first fixed charge over the property and other assets of the company.

20. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	50,000	53,000

	Deferred tax
	£
Balance at 1 January 2020	53,000
Credit to Income Statement during year	(4,900)
Revaluation reserve	1,900
Balance at 31 December 2020	50,000

continued...

20. **PROVISIONS FOR LIABILITIES - continued**

The deferred tax balance consists of accelerated capital allowances and revaluation surplus.

	31.12.20	31.12.19
	£	£
Accelerated capital allowances	19,100	24,000
Revaluation surplus	30,900	29,000
	50,000	53,000

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
200,000	Ordinary	£1	200,000	200,000

Each Ordinary share has full voting rights, the right to receive dividends and the right to participate in a capital distribution on a sale or winding up. They do not confer any rights of redemption.

22. **RESERVES**

Retained earnings comprises accumulated profits less any losses and distributions which have been retained within the company. This is a distributable reserve.

Revaluation reserve represents gains on revaluation of property owned by the company, less any revaluation losses and provisions for deferred tax on the revaluation. This is a non-distributable reserve.

There is no tax arising on the movements in the revaluation reserve.

23. **ULTIMATE PARENT COMPANY**

Procter Johnson Holdings Limited is regarded by the directors as being the company's ultimate parent company.

Copies of Procter Johnson Holdings Limited accounts can be obtained from The Glades, Festival Way, Festival Park, Stoke-On-Trent, Staffordshire, United Kingdom, ST1 5SQ.

24. **POST BALANCE SHEET EVENTS**

Following the year end the company has fully repaid the Coronavirus Business Interruptions Loan Scheme (CBILS) loan balance of £750,000.

25. **ULTIMATE CONTROLLING PARTY**

The controlling party is H R Jackson.

26. **PENSION COMMITMENTS**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £118,150 (2019 - £71,239).