



# **The Floorbrite Group Limited**

Registered number: 01219526

## **Annual report and financial statements**

**For the year ended 31 July 2021**

THE FLOORBRITE GROUP LIMITED

COMPANY INFORMATION

Directors	L Wyers A C Wyers N F Wyers  N M Bott J C Anderson A Berry
Registered number	01219526
Registered office	Cranford House Cranford Avenue Sale Manchester Lancashire M33 2AU
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE

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**THE FLOORBRITE GROUP LIMITED**

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## THE FLOORBRITE GROUP LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

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#### Introduction

The directors present their Strategic Report for the year ended 31 July 2021.

#### Business review

In the financial year to 31 July 2021 The Floorbrite Group has continued to achieve steady growth throughout the global pandemic, achieving total sales of £27,106,483 (2020: £21,605,675) which equates to a 26% increase from the previous year.

The Floorbrite Group has retained key contracts with key customers for 3 further years totalling to over £9M for this period. The business has also secured significant new contract wins, placing more reliance on our partners across the UK.

The general shift from retail to online spending throughout the pandemic has generated an increased demand for Floorbrite's services within our distribution sector, also contributing to growth within the business.

The following areas of the business were strategically addressed:

1. Continuation of not furloughing employee's from within the Operations and Sales function of the business in order to maintain proactiveness and seek new opportunities.
2. Continuation of specialist service provisions, including decontamination cleaning and fogging services to support our clients specifically with the COVID19.
3. Supporting all members of staff with the correct equipment to be able to work from home accordingly whilst helping with mental health and wellbeing training.
4. Appointment of additional office support to assist with the growth of the business.
5. Concentration on retaining current clients whilst selling to markets not impacted by the pandemic including public sector and food retail.
6. Supporting our clients with higher volume of consumable supplies due to COVID19.
7. Supporting all clients with H&S documentation around COVID19 and equipping all office space to keep staff safe.
8. Large investment into head office refurbishment and IT systems.

The Floorbrite Group are forecasting 8% growth for this coming year and expect to maintain gross profit.

The directors are satisfied with our performance and the business remains financially strong and continues to be focused on profitable growth.

On 2 March 2021 the entire Share Capital of the Company was acquired by Floorbrite Holdings Limited. The ultimate parent company is The Floorbrite Group Holdings Limited, incorporated on 23 February 2021.



**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2021**

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**Principal risks and uncertainties**

Due to the pandemic, The Floorbrite Group is continuing to witness a change in the way office space is being used due to working from home and therefore in some cases the requirements of our services have been reduced. Despite these losses being offset by an increase in our services in other sectors such as distribution, we don't yet fully understand the medium/long term effect of these changes.

Also due to the pandemic, recruitment is extremely challenging due to our operatives taking sick leave and isolating etc. The investment in additional job boards have been essential to ensure that we can still fulfil cleaning posts and cover to keep customers satisfied.

The demand for a more environmental solution is increasing. Over the next 24 months, The Floorbrite Group will need to start seeking alternative ECO friendly and sustainable options for our clients to maintain competitiveness.

This report was approved by the board on 22 July 2022 and signed on its behalf.

**N F Wyers**

Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JULY 2021**

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The directors present their report and the financial statements for the year ended 31 July 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £171,478 (2020 - £690,478).

Dividends for the year ended 31 July 2021 amounted to £365,520 (2020 - £406,831).

**Directors**

The directors who served during the year were:

L Wyers  
A C Wyers  
N F Wyers  
N M Bott  
J C Anderson  
A Berry  
C Boardman (appointed 1 April 2021, resigned 11 February 2022)

**Future developments**

The Company has disclosed information in respect of the future developments in the Strategic Report.

**Engagement with employees**

As the nature of the Company's operations is one of a "people business", its employees are therefore a valuable asset. The Company ensures that's



its performance and its development are communicated to the employees through the distribution of information internally, through regular employee meetings, through employee training and development programmes.

#### **Disabled Persons**

The Company's policy is that people with disabilities should have full and fair consideration for all vacancies and it endeavours to retain employees in the workplace if they become disabled during employment. Due consideration is given to the recruitment, promotion, training and working environment to all staff, including those with disabilities.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Post balance sheet events**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

#### **Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 July 2022 and signed on its behalf.

**N F Wyers**

Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FLOORBRITE GROUP LIMITED

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**Opinion**

We have audited the financial statements of The Floorbrite Group Limited (the 'Company') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit/loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FLOORBRITE GROUP LIMITED**

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the 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.

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

In 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 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FLOORBRITE GROUP LIMITED

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**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), tax legislation, pension legislation and the Companies Act 2006.

financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit 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.

Neil Barton (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
One St. Peter's Square  
Manchester  
M2 3DE

22 July 2022

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**THE FLOORBRITE GROUP LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2021**

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	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Turnover	<b>4</b>	27,106,483	21,605,675
Cost of sales		(23,072,337)	(17,437,117)
<b>Gross profit</b>		<u>4,034,146</u>	<u>4,168,558</u>
Administrative expenses		(4,724,533)	(4,644,555)
Other operating income	<b>5</b>	945,974	1,335,625
<b>Operating profit</b>	<b>6</b>	<u>255,587</u>	<u>859,628</u>
Interest receivable and similar income	<b>10</b>	2,278	949
Interest payable and expenses	<b>11</b>	-	(1,713)
<b>Profit before tax</b>		<u>257,865</u>	<u>858,864</u>
Tax on profit	<b>12</b>	(86,387)	(168,386)
<b>Profit for the financial year</b>		<u><u>171,478</u></u>	<u><u>690,478</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 12 to 26 form part of these financial statements.





STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	615,442	712,656
		<u>615,442</u>	<u>712,656</u>
<b>Current assets</b>			
Stocks	15	158,900	189,612
Debtors: amounts falling due within one year	16	12,128,272	5,376,634
Current asset investments	17	-	316,063
Cash at bank and in hand	18	281,057	488,813
		<u>12,568,229</u>	<u>6,371,122</u>
Creditors: amounts falling due within one year	19	(9,053,538)	(2,775,134)
<b>Net current assets</b>		<u>3,514,691</u>	<u>3,595,988</u>
<b>Total assets less current liabilities</b>		<u>4,130,133</u>	<u>4,308,644</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(43,247)	(27,716)
<b>Net assets</b>		<u><u>4,086,886</u></u>	<u><u>4,280,928</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	46,501	46,501
Capital redemption reserve	22	3,499	3,499
Profit and loss account	22	4,036,886	4,230,928
		<u><u>4,086,886</u></u>	<u><u>4,280,928</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**N F Wyers**  
Director

Date: 22 July 2022

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2021**

	<b>Called up share capital £</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>At 1 August 2019</b>	46,501	3,499	3,947,281	3,997,281
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	690,478	690,478
<b>Total comprehensive income for the year</b>	-	-	690,478	690,478
<b>Contributions by and distributions to owners</b>				
Dividends	-	-	(406,831)	(406,831)
<b>Total transactions with owners</b>	-	-	(406,831)	(406,831)
<b>At 1 August 2020</b>	46,501	3,499	4,230,928	4,280,928
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	171,478	171,478
<b>Total comprehensive income for the year</b>	-	-	171,478	171,478
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(365,520)	(365,520)
<b>Total transactions with owners</b>	-	-	(365,520)	(365,520)
<b>At 31 July 2021</b>	<u>46,501</u>	<u>3,499</u>	<u>4,036,886</u>	<u>4,086,886</u>

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

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**1. General information**

The Floorbrite Group Limited is a private company limited by shares incorporated in the United Kingdom. The Company's registered number is 01219526. The address of its registered office is Cranford House, Cranford Avenue, Manchester, Lancashire, M33 2AU.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

The following principal accounting policies have been applied:

**2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Floorbrite Holdings Limited as at 31 July 2021 and these financial statements may be obtained from Companies House.

### **2.3 Going concern**

Due to the nature of the business, the Company has remained resilient to the impact of UK wide Covid 19 lockdowns with a decline in office cleaning being offset by a growth in other areas such as distribution and Covid specific and intensive cleans.

As restrictions have been lifted the Company continues to see further opportunities for organic growth with new contracts in the pipeline, and further growth anticipated.

The Directors have considered cash and profit scenarios over the next 12 months to July 2023, based on the facts we have now, and based on this believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and have therefore prepared the financial statements on a going concern basis.

### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### **2.5 Operating leases: the Company as lessee**

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

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**THE FLOORBRITE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)****2.6 Government grants**

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the Company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received. The accrued element of grants is included in debtors as accrued income.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.10 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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**THE FLOORBRITE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)****2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## **2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Plant & machinery	-	15-33%
Motor vehicles	-	20-25%
Fixtures & fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)**

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.14 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.16 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.



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**THE FLOORBRITE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)****2.18 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

**2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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THE FLOORBRITE GROUP LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

**Critical judgements in applying the Company's accounting policies**

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the statutory financial statements are discussed below.

**Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

**Recoverability of debtors**

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Services	26,291,560	21,411,110
Goods	814,923	194,564
	<u>27,106,483</u>	<u>21,605,674</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Grant income	<u>945,974</u>	<u>1,335,625</u>

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**THE FLOORBRITE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Operating profit**

The operating profit is stated after charging:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Depreciation	178,778	169,867
Other operating lease rentals	220,329	217,633
Pension costs	<u>258,884</u>	<u>308,204</u>

**7. Auditor's remuneration**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>18,500</u>	<u>17,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Wages and salaries	17,583,293	14,666,872
Social security costs	930,846	704,511
Cost of defined contribution scheme	258,884	308,204
	<u>18,773,023</u>	<u>15,679,587</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
Administration	81	70
Windows/Industrial	16	16
Cleaners	1,328	1,266
	<u>1,425</u>	<u>1,352</u>



**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Directors' remuneration**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Directors' emoluments	519,516	442,641
Company contributions to defined contribution pension schemes	6,983	68,874
	<u>526,499</u>	<u>511,515</u>

During the year retirement benefits were accruing to 3 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £82,061 (2020 - £89,725).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,603 (2020 - £62,979).

**10. Interest receivable**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Other interest receivable	<u>2,278</u>	<u>949</u>

**11. Interest payable and similar expenses**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Bank interest payable	<u>-</u>	<u>1,713</u>

NOTES TO THE FINANCIAL STATEMENTS  
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12. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	70,856	159,633
Adjustments in respect of previous periods	-	(33)
<b>Total current tax</b>	<u>70,856</u>	<u>159,600</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,622	6,559
Effect of tax rate change on opening balance	-	2,227
Adjustments in respect of prior periods	(91)	-
<b>Total deferred tax</b>	<u>15,531</u>	<u>8,786</u>
<b>Taxation on profit on ordinary activities</b>	<u>86,387</u>	<u>168,386</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>257,865</u>	<u>858,864</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	48,994	163,184
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	861	1,244
Capital allowances for year in excess of depreciation	18,728	1,764
Deferred tax movement	10,379	2,227
Adjustments to tax charge in respect of prior periods	-	(33)
Adjustments to tax charge in respect of prior periods - deferred tax	(91)	-
Other differences leading to an increase in the tax charge	7,516	-
<b>Total tax charge for the year</b>	<u>86,387</u>	<u>168,386</u>

### Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

### 13. Dividends

	2021 £	2020 £
Dividends declared on ordinary share capital	<u>365,520</u>	<u>406,831</u>

### 14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 August 2020	464,313	176,024	768,210	28,694	1,437,241
Additions	-	12,075	69,489	-	81,564
Disposals	-	-	(29,880)	-	(29,880)
At 31 July 2021	<u>464,313</u>	<u>188,099</u>	<u>807,819</u>	<u>28,694</u>	<u>1,488,925</u>
<b>Depreciation</b>					
At 1 August 2020	105,242	64,147	547,225	7,971	724,585
Charge for the year	9,286	38,585	122,937	7,970	178,778
Disposals	-	-	(29,880)	-	(29,880)
At 31 July 2021	<u>114,528</u>	<u>102,732</u>	<u>640,282</u>	<u>15,941</u>	<u>873,483</u>
<b>Net book value</b>					
At 31 July 2021	<u>349,785</u>	<u>85,367</u>	<u>167,537</u>	<u>12,753</u>	<u>615,442</u>
<b>At 31 July 2020</b>	<u>359,071</u>	<u>111,877</u>	<u>220,985</u>	<u>20,723</u>	<u>712,656</u>



**15. Stocks**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Raw materials and consumables	<u>158,900</u>	<u>189,612</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**16. Debtors**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Trade debtors	7,816,986	4,227,486
Amounts owed by group undertakings	4,108,783	-
Director loans	19,335	56,356
Prepayments and accrued income	183,168	1,092,792
	<u>12,128,272</u>	<u>5,376,634</u>

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

**17. Current asset investments**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Listed investments	<u>-</u>	<u>316,063</u>

**18. Cash and cash equivalents**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Cash at bank and in hand	<u>281,057</u>	<u>488,813</u>

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**THE FLOORBRITE GROUP LIMITED**

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**19. Creditors: Amounts falling due within one year**

	<b>2021 £</b>	<b>2020 £</b>
Other loans	-	16,293
Trade creditors	1,134,075	872,358
Amounts owed to group undertakings	19,686	19,686
Corporation tax	71,729	160,473
Other taxation and social security	2,520,210	1,106,276
Other creditors	34,570	257,439
Invoice discounting facility	4,340,643	-
Accruals and deferred income	932,625	342,609
	<u>9,053,538</u>	<u>2,775,134</u>

Arbuthnot Commercial Asset Based Lending Limited have a fixed and floating charge over all assets of the group.  
Loan notes in The Floorbrite Group Holdings Limited are secured by fixed and floating charge over the assets of the group.  
Amounts owed to group undertakings are interest free and repayable on demand.  
The invoice discounting facility is secured over the assets to which it relates.

**20. Deferred taxation**

	<b>2021 £</b>	<b>2020 £</b>
At beginning of year	(27,716)	(18,930)
Charged to profit or loss	(15,531)	(8,786)
<b>At end of year</b>	<u>(43,247)</u>	<u>(27,716)</u>

The provision for deferred taxation is made up as follows:

	<b>2021 £</b>	<b>2020 £</b>
Accelerated capital allowances	<u>(43,247)</u>	<u>(27,716)</u>

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**THE FLOORBRITE GROUP LIMITED**

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**21. Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
46,501 (2020 - 46,501) Ordinary shares of £1.00 each	<u>46,501</u>	<u>46,501</u>

**22. Reserves**

**Capital redemption reserve**

The capital redemption reserve represents the value of the Company's own shares which have been repurchased.

**Profit & loss account**

This reserve includes the cumulative profits or losses.

**23. Pension commitments**

The Company operates a defined contribution plan for all employees of the Company. Contributions made into this plan are paid by the Company at rates specified in the rules of the schemes. The total amount recognised in profit and loss during the year was £258,884 (2020: £308,204). As at the reporting date, amounts of £34,570 (2020: £33,258) was payable to the plan.

**24. Commitments under operating leases**

At 31 July 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	229,626	305,808
Later than 1 year and not later than 5 years	205,689	493,691
	<u>435,315</u>	<u>799,499</u>



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**25. Related party transactions**

During the year annual rent was charged to the Company by another related party totalling £157,000 (2020: £60,000), and at the Statement of Financial Position date £Nil was payable (2020: £71,693 was outstanding).

At the financial statement date amounts owed by the parent Company totalled £4,108,783. At the previous financial year end amounts owed to the parent Company totalled £19,686.

At the financial statement date amounts owed by a related Company totalled £Nil (2020: £229,312), these are included in accrued income within note 16.

Amounts owed by directors at the Statement of Financial Position date totalled £19,335 (2020: £56,356).

Amounts owed to directors at the Statement of Financial Position date totalled £Nil (2020: £16,293).

Remuneration paid to directors has been disclosed in note 9.

Key management personnel are deemed to be the directors of the company.

**26. Post balance sheet events**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

**27. Controlling party**

During 2021 the corporate structure has undergone change and a new group established, headed by The Floorbrite Group Holdings Limited. The restructuring occurred on 2 March 2021 meaning that from this date The Floorbrite Group Holdings Limited, a company incorporated in the UK, is the ultimate controlling party.

The immediate controlling party is Floorbrite Holdings Limited, a Company incorporated in the UK. The address at which the consolidated financial statements are publicly available is Cranford House, Cranford Avenue, Manchester, Lancashire, M33 2AU. This is the smallest and largest group in which the results of the Company are consolidated.