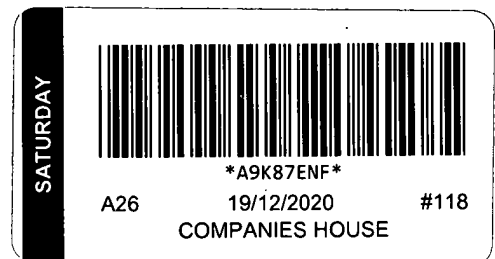


Company Registration No. 00741075 (England and Wales)

LALTEX & CO. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020



LALTEX & CO. LIMITED

COMPANY INFORMATION

Directors	R J Mulchand S R Mulchand
Secretary	C Price
Company number	00741075
Registered office	Laltex House Leigh Commerce Park Greenfold Way Leigh Lancashire WN7 3XH
Auditor	Azets Audit Services 98 King Street Manchester M2 4WU
Bankers	HSBC Bank plc 2nd Floor 4 Hardman Square Spinningfields Manchester M3 3EB Barclays Bank 1st Floor 3 Hardman Street Spinningfields Manchester M3 3HF

LALTEX & CO. LIMITED

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LALTEX & CO. LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present their group strategic report alongside the audited financial statements for the year ending 29th February 2020.

Business review and key performance indicators

The directors are satisfied with the operating results for the year reporting an increase in turnover in a competitive environment.

The group has continued to focus on developing relationships with both clients and suppliers, alongside the introduction of new products which have contributed to the results summarised below.

The company's trading revenue increased to £36.06m (2019: £33.23m).

The figures referred to above are considered to be the key financial measures upon which the business is monitored and controlled by the directors.

The reported results for the year include fair value gains and losses in respect of listed investments and forward exchange contracts, the effects of which are shown below operating profit on the face of the profit and loss account.

Principal risks and uncertainties

Financial Risk Management

The main risks arising are currency exchange risk and credit risk. The directors have reviewed and agreed policies for managing each of these risks.

Currency Exchange Risk

The group seeks to manage currency exchange risk through a mixture of hedging instruments and close review by the group's directors.

Credit Risk

The group's principal financial assets include amounts due from its customers and there is a credit risk. This is managed by having an experienced credit team who constantly monitor the group's position and ensure that credit insurance is correctly utilised.

Year end position

The group's overall position at year end reflects the financial strength of the business, which is considered by the directors to be well positioned for the future.

Impact of Brexit

The directors are confident that through careful planning that they can mitigate any effects of Brexit and continue to support their clients within the European Union.

Impact of COVID-19

The outbreak of COVID-19 will have an effect on the company's results in future reporting periods. This has been discussed further in Note 25 "Events after the reporting date" of the financial statements.

By order of the board


R J Mulchand

16 December 2020

LALTEX & CO. LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present their annual report and financial statements for the year ended 29 February 2020.

Directors

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

R J Mulchand
S R Mulchand

Results and dividends

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

Auditor

The auditor, Azets Audit Services (previously trading as Baldwins Audit Services), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

By order of the board



C Price

Secretary

16 December 2020

LALTEX & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LALTEX & CO. LIMITED

Opinion

We have audited the financial statements of Laltex & Co. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 February 2020 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows 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 group's and the parent company's affairs as at 29 February 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

LALTEX & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF LALTEX & CO. LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

LALTEX & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF LALTEX & CO. LIMITED

Use of our report

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Graham Rigby (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

16 December 2020

Statutory Auditor

Ship Canal House
98 King Street
Manchester
M2 4WU

LALTEX & CO. LIMITED

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 £	2019 £
Turnover	3	36,065,854	33,238,690
Cost of sales		(23,100,584)	(20,988,077)
Gross profit		12,965,270	12,250,613
Distribution costs		(2,232,965)	(1,995,221)
Administrative expenses		(7,377,609)	(6,358,939)
Operating profit	4	3,354,696	3,896,453
Other interest receivable and similar income		40,857	44,634
Other interest payable and similar expenses		(72,082)	(83,985)
(Loss)/gain on investments at fair value		150,881	(134,746)
Income from fixed asset investments		72,197	68,902
(Loss)/profit on disposal of current asset investments		(181,446)	1,723
Profit before exceptional items		3,365,103	3,792,981
Exceptional gains and losses on foreign exchange derivatives		(7,474)	1,213,344
Profit before taxation		3,357,629	5,006,325
Tax on profit	7	(594,724)	(978,834)
Profit for the financial year	20	2,762,905	4,027,491
Retained earnings brought forward		22,286,845	18,986,997
Dividends		(727,246)	(727,643)
Retained earnings carried forward		24,322,504	22,286,845

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


LALTEX & CO. LIMITED

GROUP BALANCE SHEET

AS AT 29 FEBRUARY 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	9		3,391,797		-
Tangible assets	10		3,671,027		3,302,152
Investments	11		1,230		1,230
			<u>7,064,054</u>		<u>3,303,382</u>
Current assets					
Stocks	13	14,288,605		12,877,871	
Debtors	14	6,364,666		5,501,767	
Investments	15	2,321,366		2,119,618	
Cash at bank and in hand		9,370,079		10,610,324	
		<u>32,344,716</u>		<u>31,109,580</u>	
Creditors: amounts falling due within one year	16	<u>(14,336,266)</u>		<u>(11,376,117)</u>	
Net current assets			<u>18,008,450</u>		<u>19,733,463</u>
Total assets less current liabilities			<u><u>25,072,504</u></u>		<u><u>23,036,845</u></u>
Capital and reserves					
Called up share capital	19		600,000		600,000
Capital redemption reserve	20		150,000		150,000
Profit and loss reserves	20		24,322,504		22,286,845
Total equity			<u><u>25,072,504</u></u>		<u><u>23,036,845</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:


R J Mulchand
Director

LALTEX & CO. LIMITED

COMPANY BALANCE SHEET

AS AT 29 FEBRUARY 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		3,276,011		3,010,192
Investments	11		4,828,707		404,197
			<u>8,104,718</u>		<u>3,414,389</u>
Current assets					
Stocks	13	-		125,857	
Debtors	14	10,965,239		10,172,203	
Investments	15	2,321,366		2,119,618	
Cash at bank and in hand		396,581		1,188,299	
			<u>13,683,186</u>		<u>13,605,977</u>
Creditors: amounts falling due within one year	16	<u>(6,501,360)</u>		<u>(4,625,653)</u>	
Net current assets			<u>7,181,826</u>		<u>8,980,324</u>
Total assets less current liabilities			<u><u>15,286,544</u></u>		<u><u>12,394,713</u></u>
Capital and reserves					
Called up share capital	19		600,000		600,000
Capital redemption reserve	20		150,000		150,000
Profit and loss reserves	20		14,536,544		11,644,713
Total equity			<u><u>15,286,544</u></u>		<u><u>12,394,713</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:


R J Mulchand
Director

Company Registration No. 00741075

LALTEX & CO. LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	3,915,200		1,236,586	
Income taxes paid		(813,517)		(664,790)	
Net cash inflow from operating activities		3,101,683		571,796	
Investing activities					
Purchase of subsidiary		(4,434,060)		-	
Cash acquired with subsidiary		1,548,282		-	
Purchase of tangible fixed assets		(729,673)		(861,862)	
Proceeds on disposal of tangible fixed assets		24,212		50,022	
(Profit)/loss on disposal of current asset investments		(181,446)		1,723	
Interest received		40,857		44,634	
Dividends received		72,197		68,902	
Management of liquid resources		(50,867)		(48,535)	
Net cash used in investing activities		(3,710,498)		(745,116)	
Financing activities					
Movement in import loans		168,295		2,223,374	
Interest paid		(72,082)		(83,985)	
Dividends paid to equity shareholders		(727,643)		(1,301,008)	
Net cash (used in)/generated from financing activities		(631,430)		838,381	
Net (decrease)/increase in cash and cash equivalents		(1,240,245)		665,061	
Cash and cash equivalents at beginning of year		10,610,324		9,945,263	
Cash and cash equivalents at end of year		9,370,079		10,610,324	

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

Company information

Laltex & Co. Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Laltex House, Leigh Commerce Park, Greenfold Way, Leigh, Lancashire, WN7 3XH.

The group consists of Laltex & Co. Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,619,077 (2019 - £3,032,953 profit).

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.2 Basis of consolidation

The consolidated financial statements present the results of the parent company and subsidiaries ("the group") as a single entity. Intercompany transactions and balances between group companies are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, which includes taking into consideration the potentially harmful effects of COVID 19, as discussed in Note 25. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.6 Tangible fixed assets

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

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

Freehold property	2% on cost
Leasehold improvements	2% on cost
Plant and machinery	25% on cost
Fixtures, fittings and equipment	15% on cost
Motor vehicles	25% on reducing balance

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

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies (Continued)

1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments held as fixed assets are shown at cost less provision for impairment. Current asset investments, which comprise cash and equities, are held at fair value taking into account the external market values of such instruments.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

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

1.9 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

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

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

Derecognition of financial assets

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

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Deferred tax

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

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

1.12 Retirement benefits

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

1.14 Foreign exchange

The company's functional and presentational currency is GBP.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

"Exceptional gains and losses on foreign currency retranslation" comprises realised and unrealised gains and losses in respect of currency trading during the year and open positions at the balance sheet date, together with month on month retranslation of monetary assets and liabilities, which are separately disclosed in the statement of income and retained earnings where material.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Provision for doubtful debts

The directors have reviewed the trading balances owing to the company from its customers and made adequate provision for any debts where it is considered probable that the amount will not be recovered. The amounts would have otherwise been recognized in trade debtors.

Provision for slow moving stock

The directors have applied their knowledge of the operations of the business when reviewing the stock listing at the balance sheet date, and have made appropriate provision for any items deemed to be slow moving or obsolete. The charge to the profit and loss account is recognized in cost of sales.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	34,343,688	31,602,180
Rest of Europe	1,555,975	1,476,191
Rest of world	166,191	160,319
	<u>36,065,854</u>	<u>33,238,690</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	350,895	325,488
Amortisation of intangible assets	86,970	-
Rental and lease charges	240,218	225,783
Auditors' remuneration	20,450	17,450
	<u>698,533</u>	<u>578,721</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

5 Employees

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

	2020 Number	2019 Number
Distribution and administration	148	132
Management	35	43
	<u>183</u>	<u>175</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,903,013	3,497,634
Social security costs	360,555	322,217
Pension costs	126,486	67,006
	<u>4,390,054</u>	<u>3,886,857</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>87,455</u>	<u>87,493</u>

7 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	604,815	929,798
Adjustments in respect of prior periods	531	-
Total current tax	<u>605,346</u>	<u>929,798</u>
Deferred tax		
Origination and reversal of timing differences	<u>(10,622)</u>	<u>49,036</u>
Total tax charge for the year	<u>594,724</u>	<u>978,834</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

7 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	3,357,629	5,006,325
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	637,950	951,202
Expenses not deductible for tax purposes	44,977	26,858
Income not taxable	(7,910)	-
Capital (losses) / gains	(42,654)	(2,892)
Adjustments in respect of prior years	531	2,404
Differences in tax rates	(45,830)	(5,983)
Other fixed asset timing differences	22,180	24,234
Research and development tax credit	(14,102)	(17,268)
Deferred tax adjustments in respect of prior years	(418)	279
Taxation charge for the year	594,724	978,834

8 Dividends

	2020 £	2019 £
Dividends payable	727,246	727,643

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

9 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 March 2019	-
Additions	3,478,767
At 29 February 2020	<u>3,478,767</u>
Amortisation and impairment	
At 1 March 2019	-
Amortisation charged for the year	86,970
At 29 February 2020	<u>86,970</u>
Carrying amount	
At 29 February 2020	<u>3,391,797</u>
At 28 February 2019	<u>-</u>

The company had no intangible fixed assets at 29 February 2020 or 28 February 2019.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

10 Tangible fixed assets

Group	Freehold property	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2019	2,867,193	592,197	722,057	1,542,434	254,153	5,978,034
Additions	329,695	-	214,037	97,829	88,112	729,673
Business combinations	-	-	-	-	24,575	24,575
Disposals	-	-	(4,000)	(30,842)	(76,039)	(110,881)
At 29 February 2020	<u>3,196,888</u>	<u>592,197</u>	<u>932,094</u>	<u>1,609,421</u>	<u>290,801</u>	<u>6,621,401</u>
Depreciation and impairment						
At 1 March 2019	946,935	23,888	395,388	1,187,711	121,960	2,675,882
Depreciation charged in the year	60,373	11,844	155,991	82,424	40,263	350,895
Eliminated in respect of disposals	-	-	(4,000)	(30,842)	(49,738)	(84,580)
Business combinations	-	-	-	-	8,177	8,177
At 29 February 2020	<u>1,007,308</u>	<u>35,732</u>	<u>547,379</u>	<u>1,239,293</u>	<u>120,662</u>	<u>2,950,374</u>
Carrying amount						
At 29 February 2020	<u>2,189,580</u>	<u>556,465</u>	<u>384,715</u>	<u>370,128</u>	<u>170,139</u>	<u>3,671,027</u>
At 28 February 2019	<u>1,920,258</u>	<u>568,309</u>	<u>326,669</u>	<u>354,723</u>	<u>132,193</u>	<u>3,302,152</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

10 Tangible fixed assets

(Continued)

Company	Freehold property	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2019	2,867,193	592,197	179,266	1,540,948	168,912	5,348,516
Additions	329,695	-	41,589	97,829	23,700	492,813
Disposals	-	-	(4,000)	(30,842)	(40,929)	(75,771)
At 29 February 2020	<u>3,196,888</u>	<u>592,197</u>	<u>216,855</u>	<u>1,607,935</u>	<u>151,683</u>	<u>5,765,558</u>
Depreciation and impairment						
At 1 March 2019	946,935	23,888	107,533	1,186,729	73,239	2,338,324
Depreciation charged in the year	60,373	11,844	35,696	82,293	24,653	214,859
Eliminated in respect of disposals	-	-	(4,000)	(30,842)	(28,794)	(63,636)
At 29 February 2020	<u>1,007,308</u>	<u>35,732</u>	<u>139,229</u>	<u>1,238,180</u>	<u>69,098</u>	<u>2,489,547</u>
Carrying amount						
At 29 February 2020	<u>2,189,580</u>	<u>556,465</u>	<u>77,626</u>	<u>369,755</u>	<u>82,585</u>	<u>3,276,011</u>
At 28 February 2019	<u>1,920,258</u>	<u>568,309</u>	<u>71,733</u>	<u>354,219</u>	<u>95,673</u>	<u>3,010,192</u>

11 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	12	-	-	4,828,161	403,651
Unlisted investments		1,230	1,230	546	546
		<u>1,230</u>	<u>1,230</u>	<u>4,828,707</u>	<u>404,197</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

11 Fixed asset investments

(Continued)

Movements in fixed asset investments

Company	Shares in group undertakings £	Unlisted investments £	Total £
Cost or valuation			
At 1 March 2019	403,651	546	404,197
Additions	5,774,510	-	5,774,510
Return of capital	(1,350,000)	-	(1,350,000)
At 29 February 2020	<u>4,828,161</u>	<u>546</u>	<u>4,828,707</u>
Carrying amount			
At 29 February 2020	<u>4,828,161</u>	<u>546</u>	<u>4,828,707</u>
At 28 February 2019	<u>403,651</u>	<u>546</u>	<u>404,197</u>

12 Subsidiaries

The company owned 100% of the ordinary share capital of the following subsidiaries at the balance sheet date:

Name of undertaking	Country of incorporation	Nature of business
KS Brands Limited	England & Wales	Import and distribution of a diversified range of consumer products
Lloytron plc	England & Wales	Import and distribution of a diversified range of consumer products
RJM International Limited	England & Wales	Import and distribution of a diversified range of consumer products
The Printed Pen Company Limited	England & Wales	Import and distribution of a diversified range of consumer products

13 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	<u>14,288,605</u>	<u>12,877,871</u>	<u>-</u>	<u>125,857</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

14 Debtors

	Group		Company	
	2020	2019	2020	2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,606,214	4,556,821	84,820	72,955
Amounts owed by group undertakings	-	-	10,352,698	9,595,461
Amounts owed by related undertakings	-	121,418	-	26,163
Derivative financial instruments	-	8,939	-	-
Other debtors	120,169	360,276	16,759	23,577
Prepayments and accrued income	274,003	101,151	117,379	82,027
	<u>6,000,386</u>	<u>5,148,605</u>	<u>10,571,656</u>	<u>9,800,183</u>
Deferred tax asset (note 17)	364,280	353,162	393,583	372,020
	<u>6,364,666</u>	<u>5,501,767</u>	<u>10,965,239</u>	<u>10,172,203</u>

15 Current asset investments

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Listed investments, derivatives and cash	2,321,366	2,119,618	2,321,366	2,119,618
	<u>2,321,366</u>	<u>2,119,618</u>	<u>2,321,366</u>	<u>2,119,618</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Import loans	7,436,981	7,268,686	2,851,369	2,452,221
Trade creditors	1,797,999	1,232,902	401,333	382,975
Amounts due to related undertakings	3,386	2,609	-	-
Corporation tax payable	383,353	413,524	-	85,001
Other taxation and social security	129,490	242,091	40,024	39,156
Derivative financial instruments	13,428	14,893	576	14,883
Dividends payable	727,246	727,643	727,246	727,643
Other creditors	898,089	669,510	886,362	668,001
Deferred consideration	1,340,450	-	1,340,450	-
Accruals and deferred income	1,605,844	804,259	254,000	255,773
	<u>14,336,266</u>	<u>11,376,117</u>	<u>6,501,360</u>	<u>4,625,653</u>

Import loans are secured by a general pledge over the underlying documents and an unlimited company guarantee given by Laltex & Co Limited.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

17 Deferred taxation

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

	Assets 2020 £	Assets 2019 £
Group		
Accelerated capital allowances	(225,262)	(135,507)
Tax losses	588,813	488,669
Other timing differences	729	-
	<u>364,280</u>	<u>353,162</u>
	Assets 2020 £	Assets 2019 £
Company		
Accelerated capital allowances	(195,959)	(116,649)
Tax losses	588,813	488,669
Other timing differences	729	-
	<u>393,583</u>	<u>372,020</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Asset at 1 March 2019	(353,162)	(372,020)
Credit to profit or loss	(11,118)	(21,563)
Asset at 29 February 2020	<u>(364,280)</u>	<u>(393,583)</u>

The deferred tax asset in respect of losses carried forward relates to capital losses available for offset against future capital gains, the timing of which cannot be determined with reasonable certainty.

18 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>126,486</u>	<u>67,006</u>

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

18 Retirement benefit schemes

(Continued)

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension charge represents contributions payable by the group to the scheme in the year to 29 February 2020.

19 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
224,067 Ordinary "A" shares of £1 each	224,067	224,067
150,000 Ordinary "B" shares of £1 each	150,000	150,000
125,721 Ordinary "C" shares of £1 each	125,721	125,721
88,212 Ordinary "D" shares of £1 each	88,212	88,212
6,000 Ordinary "E" shares of £1 each	6,000	6,000
6,000 Ordinary "F" shares of £1 each	6,000	6,000
	<u>600,000</u>	<u>600,000</u>

20 Reserves

Profit and loss reserves

The profit and loss account represents accumulated trading profit, less equity dividends paid.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares historically repurchased by the company for cancellation.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

21 Acquisitions

On 2 December 2019 the group acquired 100% of the issued capital of The Printed Pen Company Limited.

	Book Value £	Fair Value £
Property, plant and equipment	16,398	16,398
Inventories	992,605	992,605
Trade and other receivables	688,928	688,928
Cash and cash equivalents	1,548,282	1,548,282
Trade and other payables	(772,470)	(772,470)
Tax liabilities	(178,000)	(178,000)
Total identifiable net assets	<u>2,295,743</u>	<u>2,295,743</u>
Goodwill		<u>3,478,767</u>
Total consideration		<u>5,774,510</u>
The consideration was satisfied by:		£
Cash		4,412,000
Deferred consideration		1,340,450
Stamp duty		22,060
		<u>5,774,510</u>

Immediately following the transaction, The Printed Pen Company Limited declared a dividend of £1.35m from surplus cash which has been allocated against Laltex & Co Limited's cost of investment as a return on investment. The deemed fair value of net assets acquired was adjusted accordingly and consequently goodwill remains unchanged.

Contribution by the acquired business for the reporting period since acquisition was not material to the consolidated statement of comprehensive income.

22 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited cross-guarantee to the group's bankers in respect of the present and future indebtedness of Laltex & Co Limited, KS Brands Limited, Lloytron Plc and RJM International Limited. Present liabilities secured under this cross-guarantee, including bank loans, overdrafts, import loans and bills of exchange are disclosed within the financial statements of each company. In respect of future indebtedness the group's bankers have, in aggregate, provided letters of credit totalling £466,524 (2019: £1,011,913) across the four companies.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

23 Operating lease commitments

Lessee

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

	Group	2019	Company	2019
	2020	2019	2020	2019
	£	£	£	£
Within one year	6,435	90,600	6,435	90,600
Between two and five years	-	292,625	-	292,625
In over five years	-	126,000	-	126,000
	<u>6,435</u>	<u>509,225</u>	<u>6,435</u>	<u>509,225</u>

24 Related party transactions

During the year, the group purchased goods for resale from a related party for £6,351,220 (2019: £7,849,657). At the year end, the group owed £4,148,124 (2019: £3,109,605) to the related party.

The amounts outstanding at the balance sheet date represent normal trade bills and do not include any substantial long term indebtedness.

At the year end the group owed £873,629 (2019: £666,993) to a director, the balance is included within other creditors due within one year. Interest is charged on the balance at a commercial rate agreed by the Board of Directors.

During the year the group loaned funds of £1,266,361 to a related party, by virtue of common control. The related party repaid the balance to the company during the year and there was no amount owing at the balance sheet date.

The acquisition of The Printed Pen Company Limited disclosed in note 21 constitutes a related party transaction due to the shareholding held by a director and his wife prior to the acquisition by Laltex & Co Limited.

The purchase of property disclosed in note 25 constitutes a related party transaction due to certain directors and their family members being beneficial owners prior to the purchase by Laltex & Co Limited.

25 Events after the reporting date

COVID 19

As a result of the outbreak of COVID 19, the UK Government imposed restrictions on the movement of people and certain trading activities in the period since the balance sheet date. As a result of this many businesses in the UK were negatively impacted.

Whilst COVID 19 has had an effect on the group after the reporting date, the directors have taken various steps to enable the group to continue to trade including putting in place increased safety measures for its team members, as well as closely monitoring all expenditure and cash flow.

Purchase of property

On 11 March 2020 the company purchased a warehouse for consideration of £3,250,000.

LALTEX & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

26 Controlling party

The group had no single controlling party in the current or preceding period.

27 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	2,762,905	4,027,491
Adjustments for:		
Taxation charged	594,724	978,834
Finance costs	72,082	83,985
Interest receivable	(40,857)	(44,634)
Loss/(gain) on disposal of tangible fixed assets	2,089	(795)
(Profit)/loss on sale of current asset investments	181,446	(1,723)
Fair value movement on forward contracts	7,474	(1,213,344)
Amortisation and impairment of intangible assets	86,970	-
Depreciation and impairment of tangible fixed assets	350,895	325,488
Fair value movement on investments	(150,881)	134,746
Dividends received	(72,197)	(68,902)
Movements in working capital:		
(Increase) in stocks	(418,129)	(2,929,063)
(Increase) in debtors	(171,792)	(920,395)
Increase in creditors	710,471	864,898
Cash generated from operations	3,915,200	1,236,586