

REGISTERED NUMBER: 02660956 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2020
for
Ghekkio Limited**



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for the Year Ended 31 December 2020**

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Ghekkco Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

H Boy
M W Neillans
N R Skinner

SECRETARY:

M A Taylor

REGISTERED OFFICE:

Amtri House
Hulley Road
Macclesfield
Cheshire
SK10 2NE

REGISTERED NUMBER:

02660956 (England and Wales)

AUDITORS:

Thompson Wright Limited
Chartered Accountants
and Statutory Auditors
Ebenezer House
Ryecroft
Newcastle under Lyme
Staffordshire
ST5 2BE

**Strategic Report
for the Year Ended 31 December 2020**

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

REVIEW OF BUSINESS

The director is satisfied with the performance of the company during this difficult trading period. Despite a year of Covid-19 restrictions and subsequent effects on trading conditions the company adapted well, weathered the storm and maintained staff levels.

Turnover has fallen slightly in the year due to the impact of Covid-19 and pressure on prices has been felt as the company has achieved a headline gross profit margin of 19.5% compared with 23.6% in the previous year. Overall profitability of the company has been significantly impacted by costs incurred in connection with a failed contract to purchase medical grade PPE from an overseas supplier which resulted in £3,605,974 being expensed during the year. Legal action is in progress to recover these costs but the outcome of such proceedings is uncertain at this stage.

The director introduced significant funds to manage cashflow demands as a consequence of the failed PPE contract. Further, the company took advantage of favourable terms under the UK government's coronavirus business interruption loan scheme and took out a loan for £1,500,000.

The company did not take advantage of the UK government's furlough scheme during the year. Despite the impact on cash flow of Covid-19 and the losses incurred discussed above the company was able to maintain prompt payments to suppliers and government agencies alike without the need to utilise the UK government's deferred payment scheme.

The company has continued to invest in capital projects to improve office space in the UK. Trading results in the UK have been buoyed by foreign currency gains achieved in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Operating across several national jurisdictions exposes the company to foreign currency risks. The impact of Brexit on the UK economy is still not fully understood and the emergence of Covid-19 has further clouded this understanding.

The company enters into foreign currency forward contracts and holds foreign currencies on deposit to manage this exposure. In addition, the company will raise invoices in the customer's functional currency to offset some of this risk too.

Following the success of the vaccination programme, Covid-19 and the continued disruption to the sector is no longer considered to be a significant risk to the business.

FINANCIAL KEY PERFORMANCE INDICATORS

The director assesses the financial performance of the company by reviewing key financial benchmarks, namely, gross profit percentage and shareholder's funds.

Gross profit percentage is the measure of gross profit compared with turnover as a percentage and measures the company's ability to maintain a healthy price of goods supplied to customers against managing costs of goods purchased.

	2020	2019
Gross profit percentage	19.5%	23.6%

Shareholder's funds is the measure of equity (being the excess of assets over liabilities) attributable to the owner of the company and reflects the return to the shareholder.

	2020	2019
Shareholder's funds	£103,476	£95,349

Strategic Report
for the Year Ended 31 December 2020

FINANCIAL INSTRUMENT RISKS

The financial instrument risks affecting the group relate to cashflow risk, credit risk, liquidity risk and foreign currency risk.

Cashflow risk is the risk that sufficient levels of cash do not flow into the business to allow working capital requirements to be met in a timely manner. The management of the timing of cash inflows and cash outflows is achieved with the close involvement of management with customer and supplier relationships. Management also reviews financial information on a regular basis to determine whether further measures are needed to ensure sufficient cash inflows to the business.

Credit risk is the risk that the company will not receive full settlement on amounts due from customers. This risk is managed through continually monitored credit procedures including having regular dialogue with customers during the conduct of the business.

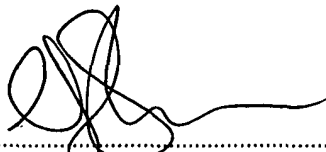
Liquidity risk is the risk that the company will not have sufficient funds to carry out its short and longer- term objectives. Historically, the company has managed its funding requirements through the retention of cash arising from its operating activities without the need to raise cash through debt finance. The company has secured additional liquidity by taking out a loans in the UK.

Foreign currency risk is the risk that on settlement of contractual balances the company will incur losses because of a fall in the value of the company's functional currency against that of the counterparty. The company enters into foreign currency forward contracts and holds foreign currencies on deposit to manage this exposure.

FUTURE DEVELOPMENTS

The trading outlook for 2021 is healthy with trading levels and operating margins being maintained.

ON BEHALF OF THE BOARD:



.....
N R Skinner - Director

Date: 30/11/2021

**Report of the Directors
for the Year Ended 31 December 2020**

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

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

M W Neillans
N R Skinner

Other changes in directors holding office are as follows:

H Boy - appointed 4 June 2020
A Marshall - resigned 22 May 2020

POLITICAL DONATIONS AND EXPENDITURE

During the year the company made donations to registered charities of £6,403.

DISCLOSURE IN THE STRATEGIC REPORT

Future developments and principal risks and uncertainties are disclosed in the Strategic Report.

The company has chosen in accordance with section 414(c) of the Companies Act 2006 (Strategic and Directors Report) Regulations 2013 to set out in the company's Strategic Report information required by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

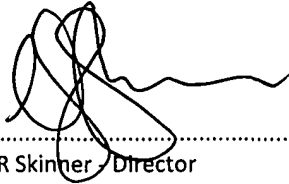
Ghekkko Limited (Registered number: 02660956)

**Report of the Directors
for the Year Ended 31 December 2020**

AUDITORS

The auditors, Thompson Wright Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line.

.....
N R Skinner - Director

Date: 30/11/2021

**Report of the Independent Auditors to the Members of
Ghekk Limited**

Opinion

We have audited the financial statements of Ghekk Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

**Report of the Independent Auditors to the Members of
Gheko Limited**

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

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

Use of our report

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

Thompson Wright Limited

Ashley Conway ACA FCCA (Senior Statutory Auditor)
for and on behalf of Thompson Wright Limited
Chartered Accountants
and Statutory Auditors
Ebenezer House
Ryecroft
Newcastle under Lyme
Staffordshire
ST5 2BE

Date: 1/12/2021

Statement of Comprehensive Income
for the Year Ended 31 December 2020


		31.12.20	31.12.19 (as restated)
	Notes	£	£
TURNOVER		14,172,353	14,049,788
Cost of sales		<u>11,414,627</u>	<u>10,735,948</u>
GROSS PROFIT		2,757,726	3,313,840
Administrative expenses		<u>5,699,404</u>	<u>2,261,968</u>
		(2,941,678)	1,051,872
Other operating income		<u>811,351</u>	<u>260,395</u>
OPERATING (LOSS)/PROFIT	4	(2,130,327)	1,312,267
Interest receivable and similar income		<u>-</u>	<u>770</u>
		(2,130,327)	1,313,037
Interest payable and similar expenses	6	<u>55,837</u>	<u>99,303</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,186,164)	1,213,734
Tax on (loss)/profit	7	<u>(424,291)</u>	<u>237,006</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1,761,873)</u>	<u>976,728</u>

The notes form part of these financial statements

Balance Sheet
31 December 2020

	Notes	31.12.20 £	31.12.19 £
FIXED ASSETS			
Tangible assets	10	197,217	241,962
Investments	11	<u>80,221</u>	<u>105,895</u>
		277,438	347,857
CURRENT ASSETS			
Stocks	12	3,104,990	3,907,170
Debtors	13	7,696,719	5,577,534
Cash at bank	14	<u>568,737</u>	<u>735,331</u>
		11,370,446	10,220,035
CREDITORS			
Amounts falling due within one year	15	<u>10,222,265</u>	<u>10,432,228</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,148,181</u>	<u>(212,193)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,425,619	135,664
CREDITORS			
Amounts falling due after more than one year	16	(1,312,500)	(8,656)
PROVISIONS FOR LIABILITIES	20	<u>(9,643)</u>	<u>(31,659)</u>
NET ASSETS		<u>103,476</u>	<u>95,349</u>
CAPITAL AND RESERVES			
Called up share capital	21	12	12
Retained earnings	22	<u>103,464</u>	<u>95,337</u>
SHAREHOLDERS' FUNDS		<u>103,476</u>	<u>95,349</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/11/2021 and were signed on its behalf by:


.....
N R Skinner - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	12	68,609	68,621
Changes in equity			
Total comprehensive income	-	976,728	976,728
Dividends	-	(950,000)	(950,000)
Balance at 31 December 2019	<u>12</u>	<u>95,337</u>	<u>95,349</u>
Changes in equity			
Total comprehensive income	-	(1,761,873)	(1,761,873)
Capital contribution	-	1,770,000	1,770,000
Balance at 31 December 2020	<u>12</u>	<u>103,464</u>	<u>103,476</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

The nature of the company's operation and its principle activity is that of importing and distributing telecommunication equipment.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The principal accounting policies applied in the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements have been prepared on the going concern basis and under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being the 12 month period from the date of these accounts being approved, after consideration of the impact of the Coronavirus upon the economy and therefore the financial statements have been prepared on a going concern basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

The company has taken advantage of the exemption under paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Ghekkko Holdings Limited, includes the company's cash flows in its consolidated financial statements.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Some of these estimates and judgements are inherently uncertain and subject to change. The impact of any change in accounting estimates is reflected in the period in which the estimate is revised, if the revision only affects the period, or in the period of the revision and future periods if the revision affects both current and future periods. In this respect the directors believe that the critical accounting policies where judgements or estimations are necessarily applied are as follows.

Critical judgements in applying the company's accounting policies

There were no critical judgements made in applying the company's accounting policies.

Critical accounting estimates and assumptions

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimates of useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, of economic utilisation of the assets.

Impairment of debtors

Management performs ongoing reviews of the recoverability of debtor balances, an allowance for doubtful debts is maintained for potential credit losses based on management's assessment of the expected collectability of amounts receivable. The allowance for bad debts is reviewed periodically to assess its adequacy.

The carrying value of trade debtors at the year end was £1,704,697 (2019 - £1,803,865).

Provision for obsolete and slow moving stocks

The company reviews its stocks to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the company considers whether there are any observable data indicating that there is any future saleability of the product and the estimated net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than the cost based on estimates by the management. The provision for obsolescence of stock is based on the ageing and historical sales pattern. The carrying value of stocks at the year end was £3,104,990 (2019 - £3,907,170).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Turnover

Turnover 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:

Sales 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.

Revenue is recognised when goods are dispatched.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Long-term leasehold property - 20%
Plant and machinery - 20%
Motor vehicles - 25%
Fixtures, fittings & equipment - 20%

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.

Stocks

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, bank financing facilities and loans from related parties.

Debt instruments, 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.

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 profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured at the difference between an asset's carrying amount and the present value of estimated cash flows.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expires or are settled, or (b) substantially all risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

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 in finance costs or income as appropriate. The company does not apply hedge accounting for foreign exchange derivatives.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

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

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

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Valuation of investments

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

3. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	£	£
Wages and salaries	1,232,058	1,320,755
Social security costs	128,237	148,328
Other pension costs	9,901	9,685
	<u>1,370,196</u>	<u>1,478,768</u>

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

	31.12.20	31.12.19
Sales	9	7
Administration	10	5
Warehouse	<u>14</u>	<u>21</u>
	<u>33</u>	<u>33</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. **EMPLOYEES AND DIRECTORS - continued**

	31.12.20	31.12.19
	£	£
Directors' remuneration	<u>352,117</u>	<u>393,901</u>

Information regarding the highest paid director is as follows:

	31.12.20	31.12.19
	£	£
Emoluments etc	<u>248,199</u>	<u>274,291</u>

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	31.12.20	31.12.19
	£	£
Other operating leases	101,543	134,952
Depreciation - owned assets	74,070	71,763
Depreciation - assets on hire purchase contracts	9,536	6,358
Profit on disposal of fixed assets	-	(4,374)
Auditors' remuneration	<u>15,000</u>	<u>-</u>

5. **EXCEPTIONAL ITEMS**

During the year the company entered into a contract to purchase medical grade PPE from an overseas supplier for £3,605,974. The contract required the goods to be paid for in advance. The goods supplied were neither the correct grade nor the correct quantity and so legal proceedings have been entered into to recover the advance payments made by the company.

The company is seeking to claim damages in this process but to be prudent the directors have decided to expense these costs in the year.

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.20	31.12.19
	£	£
Bank interest	39,533	91,088
Bank loan interest	13,940	7,239
HMRC interest	1,483	-
Hire purchase	<u>881</u>	<u>976</u>
	<u>55,837</u>	<u>99,303</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

7. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	31.12.20 £	31.12.19 £
Current tax:		
UK corporation tax	-	244,118
Tax losses carried back	<u>(402,275)</u>	<u>-</u>
Total current tax	(402,275)	244,118
Deferred tax	<u>(22,016)</u>	<u>(7,112)</u>
Tax on (loss)/profit	<u>(424,291)</u>	<u>237,006</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.20 £	31.12.19 £
(Loss)/profit before tax	<u>(2,186,164)</u>	<u>1,213,734</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(415,371)	230,609
Effects of:		
Expenses not deductible for tax purposes	4,905	6,397
Depreciation in excess of capital allowances	8,191	-
Deferred tax	<u>(22,016)</u>	<u>-</u>
Total tax (credit)/charge	<u>(424,291)</u>	<u>237,006</u>

8. DIVIDENDS

	31.12.20 £	31.12.19 £
Interim	<u>-</u>	<u>950,000</u>

9. PRIOR YEAR ADJUSTMENT

We have reclassified foreign exchange movements of £260,395 from administrative expenditure to other operating income to better reflect the nature of the gains achieved. This reclassification has no overall effect on the reported profit for the year or balance sheet.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2020	502,512	34,591	387,161	56,146	980,410
Additions	<u>1,672</u>	<u>18,269</u>	<u>18,920</u>	<u>-</u>	<u>38,861</u>
At 31 December 2020	<u>504,184</u>	<u>52,860</u>	<u>406,081</u>	<u>56,146</u>	<u>1,019,271</u>
DEPRECIATION					
At 1 January 2020	385,792	29,998	299,801	22,857	738,448
Charge for year	<u>41,518</u>	<u>3,363</u>	<u>27,689</u>	<u>11,036</u>	<u>83,606</u>
At 31 December 2020	<u>427,310</u>	<u>33,361</u>	<u>327,490</u>	<u>33,893</u>	<u>822,054</u>
NET BOOK VALUE					
At 31 December 2020	<u>76,874</u>	<u>19,499</u>	<u>78,591</u>	<u>22,253</u>	<u>197,217</u>
At 31 December 2019	<u>116,720</u>	<u>4,593</u>	<u>87,360</u>	<u>33,289</u>	<u>241,962</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2020 and 31 December 2020	<u>38,146</u>
DEPRECIATION	
At 1 January 2020	6,358
Charge for year	<u>9,536</u>
At 31 December 2020	<u>15,894</u>
NET BOOK VALUE	
At 31 December 2020	<u>22,252</u>
At 31 December 2019	<u>31,788</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

11. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 January 2020	105,895
Revaluations	<u>(25,674)</u>
At 31 December 2020	<u>80,221</u>
NET BOOK VALUE	
At 31 December 2020	<u>80,221</u>
At 31 December 2019	<u>105,895</u>

Cost or valuation at 31 December 2020 is represented by:

	Listed investments £
Valuation in 2020	(25,674)
Cost	<u>105,895</u>
	<u>80,221</u>

12. STOCKS

	31.12.20 £	31.12.19 £
Finished goods and goods for resale	<u>3,104,990</u>	<u>3,907,170</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 £	31.12.19 £
Trade debtors	1,704,697	1,803,640
Amounts owed by group undertakings	2,730,970	2,184,038
Other debtors	2,862,431	352,603
Directors' current accounts	199,870	1,237,028
Corporation tax	170,047	-
Prepayments	<u>28,704</u>	<u>225</u>
	<u>7,696,719</u>	<u>5,577,534</u>

14. CASH AT BANK

	2020 £	2019 £
Cash at bank and in hand	568,737	735,331
Less: bank overdrafts	<u>(1,311,144)</u>	<u>(1,783,612)</u>
	<u>(742,407)</u>	<u>(1,048,281)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Bank loans and overdrafts (see note 17)	1,498,644	1,827,349
Hire purchase contracts (see note 18)	9,537	13,596
Trade creditors	649,767	496,975
Amounts owed to group undertakings	5,781,971	7,551,971
Tax	-	232,228
Social security and other taxes	44,647	57,908
VAT	197,955	115,657
Other creditors	2,003,333	2,197
Accrued expenses	36,411	134,347
	<u>10,222,265</u>	<u>10,432,228</u>

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

	31.12.20	31.12.19
	£	£
Bank loans (see note 17)	1,312,500	-
Hire purchase contracts (see note 18)	-	8,656
	<u>1,312,500</u>	<u>8,656</u>

17. LOANS

An analysis of the maturity of loans is given below:

	31.12.20	31.12.19
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,311,144	1,783,612
Bank loans	<u>187,500</u>	<u>43,737</u>
	<u>1,498,644</u>	<u>1,827,349</u>
Amounts falling due between one and two years:		
Bank loans - over 1 year	<u>375,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>937,500</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

18. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.12.20	31.12.19
	£	£
Net obligations repayable:		
Within one year	9,537	13,596
Between one and five years	<u>-</u>	<u>8,656</u>
	<u>9,537</u>	<u>22,252</u>

19. SECURED DEBTS

Bank loans and overdrafts are secured by means of a fixed and floating debenture over all assets of the company. In addition, a limited guarantee of £1,000,000 has been provided by a director.

Amounts due to group undertakings falling due within one year are secured by means of a fixed and floating debenture over all assets of the company.

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Included in bank loans is Coronavirus Business Interruption Loan borrowings of £1,500,000 repayable over 48 installments with an interest margin of 2.7% plus base rate.

There is a legal charge over the leasehold of land at Sovereign Court, King Edward Street, Macclesfield and the investment property of Sovereign Court granted by Ghekko Investments Limited.

20. PROVISIONS FOR LIABILITIES

	31.12.20	31.12.19
	£	£
Deferred tax	<u>9,643</u>	<u>31,659</u>
		Deferred tax
		£
Balance at 1 January 2020		31,659
Provided during year		<u>(22,016)</u>
Balance at 31 December 2020		<u>9,643</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.20	31.12.19
Number:	Class:	Nominal value:	£	£
12	A Ordinary	£1	<u>12</u>	<u>12</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

22. RESERVES

	Retained earnings £
At 1 January 2020	95,337
Deficit for the year	(1,761,873)
Capital contribution	<u>1,770,000</u>
At 31 December 2020	<u>103,464</u>

23. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,901 (2019 - £9,685). Contributions totalling £nil (2019 - £1,519) were payable to the fund at the balance sheet date and are included in creditors.

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Land and buildings		
Not later than 1 year	99,000	114,000
Later than 1 year and not later than 5 years	<u>186,250</u>	<u>730,750</u>
	<u>285,250</u>	<u>844,750</u>

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

	31.12.20 £	31.12.19 £
N R Skinner		
Balance outstanding at start of year	1,237,028	1,060,550
Amounts advanced	463,931	544,297
Amounts repaid	(1,501,089)	(367,819)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>199,870</u>	<u>1,237,028</u>

26. RELATED PARTY TRANSACTIONS

Transactions entered into with companies wholly owned within the group have not been disclosed as permitted under FRS 102 paragraph 33.1A.

27. ULTIMATE CONTROLLING PARTY

The ultimate parent company is Ghekko Holdings Limited, a company registered in England and Wales, number 06443909.

The ultimate controlling party is N Skinner, a director, who owns 100% of the issued share capital of Ghekko Holdings Limited.