

Registration number: 07586191

Knolton Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2022

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Knolton Holdings Limited

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Knolton Holdings Limited

Company Information

Director Mr R J Latham

Registered office Oswestry Road
Overton-On-Dee
Wrexham
Clwyd
LL13 0LG

Auditors CBSL Accountants Limited
Chartered Accountants and Statutory Auditor
Rowan House North
1 The Professional Quarter
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Knolton Holdings Limited

Strategic Report for the Year Ended 31 March 2022

The director presents his strategic report for the year ended 31 March 2022.

Principal activity

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

Fair review of the business

The director remains satisfied with the performance of the business for the year ended 31 March 2022 considering the current industry climate.

For the year ended 31 March 2022, sales continued to increase and totalled £8.6m (2021 - £8.2m). The director continues to monitor the trading margins closely and look to achieve efficiencies wherever possible. Overall the gross profit increased from £1.99m to £2.70m but the net profit before tax decreased from £2.13m to £2.02m, due to investment gains have been achieved during the year ended 31 March 2021.

The financial key performance indicators for the group are sales, gross profit and net profit before tax.

Principal risks and uncertainties

The principal risks to the business include those related to fluctuations in the price of raw materials and the energy prices. These risks are closely monitored by the director to ensure that the risk is appropriately managed. Whilst risk cannot be fully eliminated, the director is satisfied that the processes in place to monitor risk and modify production systems, where appropriate, are adequate.

Approved and authorised by the director on 22/12/22


.....
Mr R J Latham
Director

Knolton Holdings Limited

Director's Report for the Year Ended 31 March 2022

The director presents his report and the consolidated financial statements for the year ended 31 March 2022.

Director of the group

The director who held office during the year was as follows:

Mr R J Latham

Financial instruments

Objectives and policies

The group's principal financial instruments comprise bank balances, listed investments, bank loans and hire purchase contracts.

Bank balances and listed investments are managed in a way to achieve a competitive rate of return. Bank loans and hire purchase contracts are secured against the group's fixed assets and the group made use of the CBILS scheme to support its cashflow requirements in light of the COVID-19 pandemic.

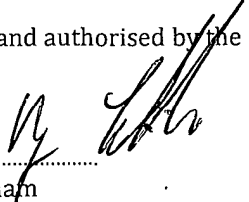
Future developments

The group will continue improving its processes to streamline production and increase efficiencies. The group looks to continue to invest in capital projects to increase capacity and product offering.

Disclosure of information to the auditor

The director has taken 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 auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Approved and authorised by the director on 22/12/22


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Mr R J Latham
Director

Knolton Holdings Limited

Statement of Director's Responsibilities

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Knolton Holdings Limited

Independent Auditor's Report to the Members of Knolton Holdings Limited

Opinion

We have audited the financial statements of Knolton Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Other matter

In the previous accounting period the group took advantage of the audit exemption for small companies under s.477 of the Companies Act 2006. Therefore the prior period financial statements were not subject to audit.

Conclusions relating to going concern

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

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

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

Other information

The director 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.

Knolton Holdings Limited

Independent Auditor's Report to the Members of Knolton Holdings Limited

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.

Opinion on other matter 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and the Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities [set out on page 4], the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Knolton Holdings Limited

Independent Auditor's Report to the Members of Knolton Holdings Limited

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to this company, the group and its sector and determined that the most significant are those relating to the reporting framework and the relevant UK tax legislation.
- We understood how the company and group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures.
- As an audit engagement team, we assessed the susceptibility of the company and group's financial statements to material misstatement including how fraud might occur and considered the opportunities and incentives that may exist within the group for fraud. We considered the controls that the company and group has established to address the risks identified to prevent, deter and detect fraud; and how the management and directors monitor those controls.
- Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Those procedures involved: - enquiries of management and those charged with governance; - journal entry testing; - assessing whether judgements in making accounting estimates are indicative of a potential bias; and - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included revenue recognition and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

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

L Osselton

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Louise Osselton FCA (Senior Statutory Auditor)
For and on behalf of CBSL Accountants Limited, Statutory Auditor

Rowan House North
1 The Professional Quarter
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date: 22 December 2022

Knolton Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	8,637,683	8,245,776
Cost of sales		<u>(5,937,372)</u>	<u>(6,257,174)</u>
Gross profit		2,700,311	1,988,602
Administrative expenses		(695,460)	(437,216)
Other operating income	4	<u>26,752</u>	<u>69,987</u>
Operating profit	6	<u>2,031,603</u>	<u>1,621,373</u>
Other interest receivable and similar income	7	25,388	557,962
Interest payable and similar expenses	8	<u>(36,052)</u>	<u>(48,964)</u>
		<u>(10,664)</u>	<u>508,998</u>
Profit before tax		2,020,939	2,130,371
Tax on profit	12	<u>(337,126)</u>	<u>(211,689)</u>
Profit for the financial year		<u>1,683,813</u>	<u>1,918,682</u>
Profit/(loss) attributable to:			
Owners of the company		<u>1,683,813</u>	<u>1,918,682</u>

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

(Registration number: 07586191)

Consolidated Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	3,205,144	3,172,261
Current assets			
Stocks	16	261,345	356,151
Debtors	17	2,689,387	3,774,965
Investments	18	3,489,717	2,908,241
Other financial assets	15	3,189,718	3,233,890
Cash at bank and in hand		373,471	311,885
		<u>10,003,638</u>	<u>10,585,132</u>
Creditors: Amounts falling due within one year	20	<u>(1,526,175)</u>	<u>(3,707,859)</u>
Net current assets		<u>8,477,463</u>	<u>6,877,273</u>
Total assets less current liabilities		11,682,607	10,049,534
Creditors: Amounts falling due after more than one year	20	(957,525)	(860,921)
Provisions for liabilities		<u>(377,611)</u>	<u>(411,775)</u>
Net assets		<u>10,347,471</u>	<u>8,776,838</u>
Capital and reserves			
Called up share capital	22	29,626	29,626
Share premium reserve		38,500	38,500
Revaluation reserve		328,315	328,315
Retained earnings		<u>9,951,030</u>	<u>8,380,397</u>
Equity attributable to owners of the company		<u>10,347,471</u>	<u>8,776,838</u>
Shareholders' funds		<u>10,347,471</u>	<u>8,776,838</u>

Approved and authorised by the director on 22/12/22

Mr R J Latham
Director

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

(Registration number: 07586191)
Balance Sheet as at 31 March 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	13	2,023,122	2,200,381
Investments	14	<u>139,625</u>	<u>139,625</u>
		<u>2,162,747</u>	<u>2,340,006</u>
Current assets			
Debtors	17	3,033,158	2,630,500
Investments		3,489,717	2,908,241
Cash at bank and in hand		<u>1,507</u>	<u>1,287</u>
		6,524,382	5,540,028
Creditors: Amounts falling due within one year	20	<u>(537,545)</u>	<u>(1,169,612)</u>
Net current assets		<u>5,986,837</u>	<u>4,370,416</u>
Total assets less current liabilities		8,149,584	6,710,422
Creditors: Amounts falling due after more than one year	20	(40,035)	(160,140)
Provisions for liabilities		<u>(271,852)</u>	<u>(298,289)</u>
Net assets		<u><u>7,837,697</u></u>	<u><u>6,251,993</u></u>
Capital and reserves			
Called up share capital	22	29,626	29,626
Revaluation reserve		328,315	328,315
Retained earnings		<u>7,479,756</u>	<u>5,894,052</u>
Shareholders' funds		<u><u>7,837,697</u></u>	<u><u>6,251,993</u></u>

The company made a profit after tax for the financial year of £1,698,884 (2021 - profit of £1,649,022).

Approved and authorised by the director on 22/12/22

Mr R J Latham
Director

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022
Equity attributable to the parent company

	Share capital £	Share premium £	Revaluation reserve £	Retained earnings £	Total £	Total equity £
At 1 April 2021	29,626	38,500	328,315	8,380,397	8,776,838	8,776,838
Profit for the year	-	-	-	1,683,813	1,683,813	1,683,813
Dividends	-	-	-	(113,180)	(113,180)	(113,180)
At 31 March 2022	29,626	38,500	328,315	9,951,030	10,347,471	10,347,471
	Share capital £	Share premium £	Revaluation reserve £	Retained earnings £	Total £	Total equity £
At 1 April 2020	29,626	38,500	328,315	6,524,715	6,921,156	6,921,156
Profit for the year	-	-	-	1,918,682	1,918,682	1,918,682
Dividends	-	-	-	(63,000)	(63,000)	(63,000)
At 31 March 2021	29,626	38,500	328,315	8,380,397	8,776,838	8,776,838

The notes on pages 15 to 32 form an integral part of these financial statements.
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Knolton Holdings Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 2021	29,626	328,315	5,894,052	6,251,993
Profit for the year	-	-	1,698,884	1,698,884
Dividends	-	-	(113,180)	(113,180)
At 31 March 2022	29,626	328,315	7,479,756	7,837,697
	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 2020	29,626	328,315	4,308,030	4,665,971
Profit for the year	-	-	1,649,022	1,649,022
Dividends	-	-	(63,000)	(63,000)
At 31 March 2021	29,626	328,315	5,894,052	6,251,993

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,683,813	1,918,682
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	294,357	174,693
Loss on disposal of tangible assets	5	796	-
Profit from disposals of investments	5	(8,999)	(86,223)
Finance income	7	(25,388)	(557,962)
Finance costs	8	35,073	48,198
Income tax expense	12	337,126	211,689
		<u>2,316,778</u>	<u>1,709,077</u>
Working capital adjustments			
Decrease/(increase) in stocks	16	94,806	(164,743)
Decrease/(increase) in trade debtors	17	1,085,578	(582,213)
Decrease in trade creditors	20	(374,052)	(256,327)
Cash generated from operations		3,123,110	705,794
Income taxes paid	12	(88,280)	(64,047)
Net cash flow from operating activities		<u>3,034,830</u>	<u>641,747</u>
Cash flows from investing activities			
Interest received		25,388	553,896
Acquisitions of tangible assets		(328,036)	(198,145)
Dividend income		-	4,066
Financial assets at fair value additions		(619,192)	(1,441,337)
Financial assets at fair value disposals		70,119	632,222
Financial assets at fair value unrealised gain		(23,404)	(548,925)
Financial assets at cost less impairment disposals		44,172	-
Net cash flows from investing activities		<u>(830,953)</u>	<u>(998,223)</u>
Cash flows from financing activities			
Interest paid	8	(35,073)	(48,198)
Proceeds from bank borrowing draw downs		(400,030)	-
(Payments) to / receipts from finance lease creditors		(1,594,008)	324,157
Dividends paid		(113,180)	(63,000)
Net cash flows from financing activities		<u>(2,142,291)</u>	<u>212,959</u>
Net increase/(decrease) in cash and cash equivalents		61,586	(143,517)
Cash and cash equivalents at 1 April		<u>311,885</u>	<u>455,402</u>
Cash and cash equivalents at 31 March		<u><u>373,471</u></u>	<u><u>311,885</u></u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,698,884	1,649,022
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	176,463	128,520
Loss on disposal of tangible assets	5	796	-
Profit from disposals of investments	5	(8,999)	(86,223)
Finance income		(1,582,557)	(1,008,030)
Finance costs		18,816	18,816
Income tax expense	12	24,971	73,312
		<u>328,374</u>	<u>775,417</u>
Working capital adjustments			
Increase in trade debtors	17	(402,658)	(561,000)
(Decrease)/increase in trade creditors	20	(602,809)	272,990
Decrease in deferred income, including government grants		-	(22,744)
Cash generated from operations		<u>(677,093)</u>	<u>464,663</u>
Income taxes paid	12	<u>(80,677)</u>	<u>(17,459)</u>
Net cash flow from operating activities		<u>(757,770)</u>	<u>447,204</u>
Cash flows from investing activities			
Interest received		-	3,964
Dividend income		1,582,557	1,004,066
Financial assets at fair value additions		(619,192)	(1,441,337)
Financial assets at fair value disposals		70,119	632,221
Financial assets at fair value unrealised gain		<u>(23,404)</u>	<u>(548,925)</u>
Net cash flows from investing activities		<u>1,010,080</u>	<u>(350,011)</u>
Cash flows from financing activities			
Interest paid		(18,816)	(18,816)
Payments to finance lease creditors		(120,094)	(120,106)
Dividends paid		<u>(113,180)</u>	<u>(63,000)</u>
Net cash flows from financing activities		<u>(252,090)</u>	<u>(201,922)</u>
Net increase/(decrease) in cash and cash equivalents		220	(104,729)
Cash and cash equivalents at 1 April		<u>1,287</u>	<u>106,016</u>
Cash and cash equivalents at 31 March		<u><u>1,507</u></u>	<u><u>1,287</u></u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Oswestry Road
Overton-On-Dee
Wrexham
Clwyd
LL13 0LG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	4% straight line
Plant and machinery	15% reducing balance
Motor vehicles	20% reducing balance
Assets under construction	Not depreciated
Other fixed assets	5% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Processing services	8,385,389	8,076,094
Rental income	30,000	30,000
Other revenue	222,294	139,682
	<u>8,637,683</u>	<u>8,245,776</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants	<u>26,752</u>	<u>69,987</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2022	2021
	£	£
Loss on disposal of tangible assets	(796)	-
Gain from disposals of investments	8,999	86,223
	<u>8,203</u>	<u>86,223</u>

6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	294,357	174,693
Loss on disposal of property, plant and equipment	<u>796</u>	<u>-</u>

7 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	-	3,964
Dividend income	-	4,066
Unrealised gain on investments held at fair value	25,388	548,925
Other finance income	-	1,007
	<u>25,388</u>	<u>557,962</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	13,925	26,867
Interest on obligations under finance leases and hire purchase contracts	21,148	21,331
Foreign exchange gains	979	766
	<u>36,052</u>	<u>48,964</u>

9 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	2,044,975	1,921,306
Pension costs, defined contribution scheme	36,608	35,448
Other employee expense	35,918	25,068
	<u>2,117,501</u>	<u>1,981,822</u>

The average number of persons employed by the group (including the director) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production, maintenance and support	<u>56</u>	<u>52</u>

10 Director's remuneration

The director's remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	<u>36,450</u>	<u>36,000</u>

11 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	4,500	-
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>7,000</u>	<u>-</u>
	<u>11,500</u>	<u>-</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

12 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	383,495	169,187
UK corporation tax adjustment to prior periods	<u>(12,205)</u>	<u>(36,605)</u>
	371,290	132,582
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(34,164)</u>	<u>79,107</u>
Tax expense in the income statement	<u>337,126</u>	<u>211,689</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>2,020,939</u>	<u>2,130,371</u>
Corporation tax at standard rate	383,978	404,770
Effect of revenues exempt from taxation	(4,823)	(105,069)
Effect of expense not deductible in determining taxable profit (tax loss)	1,138	5,367
Deferred tax expense from unrecognised temporary difference from a prior period	-	66,955
Decrease in UK and foreign current tax from adjustment for prior periods	(12,205)	(36,605)
Tax decrease arising from group relief	(36,616)	(60,174)
Tax decrease from effect of adjustment in research and development tax credit	-	(95,154)
Tax increase from effect of indexation allowance on capital gains	-	28,652
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>5,654</u>	<u>2,947</u>
Total tax charge	<u>337,126</u>	<u>211,689</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2022		
Accelerated tax depreciation	-	381,351
Tax losses carry-forwards	1,705	-
Other short term timing differences	2,035	-
	<u>3,740</u>	<u>381,351</u>

	Asset £	Liability £
2021		
Accelerated tax depreciation	-	413,480
Tax losses carry-forwards	1,705	-
	<u>1,705</u>	<u>413,480</u>

Company

Deferred tax assets and liabilities

	Asset £	Liability £
2022		
Accelerated tax depreciation	-	271,852
	<u>-</u>	<u>271,852</u>

	Asset £	Liability £
2021		
Accelerated tax depreciation	-	298,289
	<u>-</u>	<u>298,289</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

13 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Properties under construction £	Other tangible assets £	Total £
Cost or valuation						
At 1 April 2021	743,874	1,882,542	87,555	-	1,557,726	4,271,697
Additions	-	-	-	254,344	73,692	328,036
Disposals	-	-	(7,925)	-	-	(7,925)
At 31 March 2022	<u>743,874</u>	<u>1,882,542</u>	<u>79,630</u>	<u>254,344</u>	<u>1,631,418</u>	<u>4,591,808</u>
Depreciation						
At 1 April 2021	124,524	674,035	53,534	-	247,343	1,099,436
Charge for the year	29,759	119,425	6,708	-	138,465	294,357
Eliminated on disposal	-	-	(7,129)	-	-	(7,129)
At 31 March 2022	<u>154,283</u>	<u>793,460</u>	<u>53,113</u>	<u>-</u>	<u>385,808</u>	<u>1,386,664</u>
Carrying amount						
At 31 March 2022	<u>589,591</u>	<u>1,089,082</u>	<u>26,517</u>	<u>254,344</u>	<u>1,245,610</u>	<u>3,205,144</u>
At 31 March 2021	<u>619,350</u>	<u>1,208,507</u>	<u>34,021</u>	<u>-</u>	<u>1,310,383</u>	<u>3,172,261</u>

Included within the net book value of land and buildings above is £589,591 (2021 - £619,350) in respect of freehold land and buildings.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Included within tangible assets are assets held under hire purchase agreements with a net book value of £760,895. During the year the depreciation charge in respect of such assets totalled £54,791.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 April 2021	369,789	1,882,542	7,925	828,850	3,089,106
Disposals	-	-	(7,925)	-	(7,925)
At 31 March 2022	<u>369,789</u>	<u>1,882,542</u>	<u>-</u>	<u>828,850</u>	<u>3,081,181</u>
Depreciation					
At 1 April 2021	116,049	674,035	7,049	91,592	888,725
Charge for the year	15,516	119,425	80	41,442	176,463
Eliminated on disposal	-	-	(7,129)	-	(7,129)
At 31 March 2022	<u>131,565</u>	<u>793,460</u>	<u>-</u>	<u>133,034</u>	<u>1,058,059</u>
Carrying amount					
At 31 March 2022	<u>238,224</u>	<u>1,089,082</u>	<u>-</u>	<u>695,816</u>	<u>2,023,122</u>
At 31 March 2021	<u>253,740</u>	<u>1,208,507</u>	<u>876</u>	<u>737,258</u>	<u>2,200,381</u>

Included within the net book value of land and buildings above is £238,224 (2021 - £253,740) in respect of freehold land and buildings.

Included within tangible assets are assets held under hire purchase agreements with a net book value of £695,815. During the year the depreciation charge in respect of such assets totalled £41,443.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

14 Investments

Group

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Knolton Farmhouse Cheese Limited*	England & Wales	Ordinary	100%	100%
Knolton Specialised Products Limited*	England and Wales	Ordinary	100%	100%
Joint ventures				
Oak Leaf Dairy Products Limited	England and Wales	Ordinary A	50%	50%

* indicates direct investment of the company

Subsidiary undertakings

Knolton Farmhouse Cheese Limited

The principal activity of Knolton Farmhouse Cheese Limited is processing of dairy products.

Knolton Specialised Products Limited

The principal activity of Knolton Specialised Products Limited is dormant company.

Joint venture undertakings

Oak Leaf Dairy Products Limited

The principal activity of Oak Leaf Dairy Products Limited is processing and drying of dairy products. Its financial period end is 31 December.

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Company

	2022	2021
	£	£
Investments in subsidiaries	29,625	29,625
Investments in associates	<u>110,000</u>	<u>110,000</u>
	<u>139,625</u>	<u>139,625</u>

Subsidiaries

£

Cost or valuation

At 1 April 2021	<u>29,625</u>
At 31 March 2022	<u>29,625</u>

Carrying amount

At 31 March 2022	<u>29,625</u>
At 31 March 2021	<u>29,625</u>

Associates

£

Cost

At 1 April 2021	<u>110,000</u>
At 31 March 2022	<u>110,000</u>

Carrying amount

At 31 March 2022	<u>110,000</u>
At 31 March 2021	<u>110,000</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

15 Other financial assets

Group

	Financial assets at cost less impairment £	Total £
Current financial assets		
Cost or valuation		
At 1 April 2021	3,233,890	3,233,890
Disposals	(44,172)	(44,172)
At 31 March 2022	<u>3,189,718</u>	<u>3,189,718</u>
Carrying amount		
At 31 March 2022	<u>3,189,718</u>	<u>3,189,718</u>
At 31 March 2021	<u>3,233,890</u>	<u>3,233,890</u>

16 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	111,123	97,698	-	-
Finished goods and goods for resale	102,853	147,020	-	-
Other inventories	<u>47,369</u>	<u>111,433</u>	<u>-</u>	<u>-</u>
	<u>261,345</u>	<u>356,151</u>	<u>-</u>	<u>-</u>

17 Debtors

		Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Current	Note				
Trade debtors		1,110,673	1,171,310	-	-
Amounts owed by related parties		971,520	2,257,000	2,985,500	2,630,500
Other debtors		142,435	130,630	47,658	-
Prepayments		<u>464,759</u>	<u>216,025</u>	<u>-</u>	<u>-</u>
		<u>2,689,387</u>	<u>3,774,965</u>	<u>3,033,158</u>	<u>2,630,500</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

18 Current asset investments

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Listed investments	<u>3,489,717</u>	<u>2,908,241</u>	<u>3,489,717</u>	<u>2,908,241</u>

19 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank	<u>373,471</u>	<u>311,885</u>	<u>1,507</u>	<u>1,287</u>

20 Creditors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Due within one year					
Loans and borrowings	23	635,161	2,725,803	120,116	120,105
Trade creditors		248,084	398,642	-	-
Amounts due to related parties		-	-	361,251	941,720
Social security and other taxes		45,624	84,338	-	-
Outstanding defined contribution pension costs		10,712	-	-	-
Other payables		1,900	96,637	1,900	1,900
Accruals		221,007	321,762	2,870	25,210
Income tax liability	12	<u>363,687</u>	<u>80,677</u>	<u>51,408</u>	<u>80,677</u>
		<u>1,526,175</u>	<u>3,707,859</u>	<u>537,545</u>	<u>1,169,612</u>
Due after one year					
Loans and borrowings	23	<u>957,525</u>	<u>860,921</u>	<u>40,035</u>	<u>160,140</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £36,608 (2021 - £35,448).

Contributions totalling £10,712 (2021 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary A of £1 each	27,049	27,049	27,049	27,049
Ordinary B of £1 each	300	300	300	300
Ordinary C of £1 each	839	839	839	839
Ordinary D of £1 each	838	838	838	838
Ordinary E of £1 each	300	300	300	300
Ordinary F of £1 each	300	300	300	300
	<u>29,626</u>	<u>29,626</u>	<u>29,626</u>	<u>29,626</u>

23 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	316,667	669,331	-	-
Hire purchase contracts	<u>640,858</u>	<u>191,590</u>	<u>40,035</u>	<u>160,140</u>
	<u>957,525</u>	<u>860,921</u>	<u>40,035</u>	<u>160,140</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	100,000	147,366	-	-
Hire purchase contracts	<u>535,161</u>	<u>2,578,437</u>	<u>120,116</u>	<u>120,105</u>
	<u>635,161</u>	<u>2,725,803</u>	<u>120,116</u>	<u>120,105</u>

Knolton Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

24 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	640,858	2,578,437
Later than one year and not later than five years	535,161	191,590
	<u>1,176,019</u>	<u>2,770,027</u>

Company

Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	40,035	160,140
Later than one year and not later than five years	120,116	120,105
	<u>160,151</u>	<u>280,245</u>

25 Dividends

Interim dividends paid

	2022 £	2021 £
Interim dividend of £1.368 (2021 - £0.554) per each Ordinary A	37,000	15,000
Interim dividend of £102.08 (2021 - £60.00) per each Ordinary B	30,623	18,000
Interim dividend of £35.757 (2021 - £17.88) per each Ordinary C	30,000	15,000
Interim dividend of £18.50 (2021 - £17.90) per each Ordinary D	15,557	15,000
	<u>113,180</u>	<u>63,000</u>

26 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £412,127 (2021 - £Nil).