

Company Registration No. 01420923 (England and Wales)

LINCO CARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022

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LINCO CARE LIMITED

COMPANY INFORMATION

Directors	Mr F Sekaleshfar Mr S Sekaleshfar Mr B Todd Mr M Todd Mr J Todd
Secretary	Mr F Sekaleshfar
Company number	01420923
Registered office	Linco House Manchester Road Carrington M31 4BX
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

LINCO CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report and financial statements for the year ended 31 August 2022.

Company history

The company began trading as Linco Impex Limited in 1978, before becoming incorporated as Linco Care Limited in May 1987. Originally the company's primary activity was the import and distribution of hairbrushes, loofah and gift sets based in Manchester City Centre.

The company moved to its current site just outside Manchester in Carrington in 1987, and over the coming years the company moved away from solely import and started to make their own brand of personal care such as deodorant, skin care and hair removers.

Today Linco Care Limited specialises in the manufacture and distribution of a wide range of personal care products including sun protection, depilatory products, cosmetics, skin care and toiletries. We operate a flexible manufacturing system to support our client's needs in contract manufacturing and bespoke formulations as well as our own brands - Calypso, Silkia, Dimples, Cabana Sun, Gorgeous Bronze, Oasis, Sun Bronze and Sun Tropic.

Linco Care Limited markets and distributes their product range across the UK and in over 60 countries worldwide with customers ranging from large grocery chains and department stores to cash and carry and discount stores. The company mission is to provide high quality personal care products globally with the main focus on ETHICS, QUALITY and VALUE.

Fair review of the business

Over the last 5 -10 years Linco Care Limited have strived to market our own brands with the plan of having either a distributor or agent in as many countries as possible, this started with exposure in western Europe across Spain, Portugal, Greece and Cyprus and has progressed across Europe through France, Scandinavia and Eastern Europe with further progression to Australia and New Zealand. Linco Care Limited have in the last few years started projects in China, Brazil and the Middle East.

The growth of Linco Care Limited has been supported by our Head Office, Laboratory, Manufacturing, Storage and Distribution being located on one site in Manchester.

We have developed and implemented quality assurance systems and have been awarded ISO 9001:2000 (Quality Management Systems). We have also been awarded ISO 9001:2000 (Quality Management Systems) ISO 14001:2004 (Environmental Management Systems) ISO 18001:2007 (Occupational Health and Safety Management Systems) ISO 22716 (Good Manufacturing Practices) and are now recognised members of the BRC (British Retail Consortium.)

Linco Care Limited and its Directors are fortunate to have a strong stable work force many of whom have been with the business for over 10 years and also includes a few members of staff with over 20 years' service. The size of work force at Linco Care Limited has been increasing over the last few years and the business prides itself on its long-established policy of recruiting locally and providing training, development and support to all employees and is fully committed to continuously improving the working environment in terms of Health and Safety and welfare.

The Directors are most grateful for the continued support and dedication of all members of staff, which has always been pivotal to the success of the business, and they hope this will continue for many years to come.

LINCO CARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Fair review of the business (continued)

Productivity

	Financial year				
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Total Units manufactured	4,703,821	4,218,905	6,752,809	3,407,668	3,437,958
Increase/(decrease)	14.43%	(10.31%)	60.06%	(49.53%)	0.89%

Sales

	Financial year				
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Total Sales	10,378,451	8,931,329	11,965,244	7,163,810	9,905,519
Increase/(decrease)	18.34%	(13.94%)	33.97%	(40.12%)	38.27%
Overseas turnover	3,600,901	3,535,269	2,752,600	2,605,539	2,763,835
Overseas turnover	34.70%	39.58%	(22.14%)	36.37%	6.07%
Domestic turnover	6,777,550	5,396,060	9,212,644	4,558,271	7,141,684
Domestic turnover	65.30%	60.42%	70.73%	63.63%	56.67%

August 2022 Financial Review

Sales are now approaching pre pandemic levels, the last 12 months of trading have brought new challenges for Linco Care Limited, as they have for large sectors of the UK manufacturing industry with rising energy cost, and that of increased cost of raw materials and components.

Sales within our Calypso brand and Private label are now growing at a faster rate, this is driven by exhibitions now being held post pandemic and increased in product advertising. Sales in Q1 and Q2 were sluggish to begin leading into sales in Q3 and Q4 which were much higher at an increased value, than in the prior year Q3 and Q4, due to the heat wave experienced in July 2022 and the UK returning to pre-pandemic levels of travel and holidays abroad.

The prudent pre year forecast of sales of £8.5 million seemed optimistic at the beginning of Q3, however the UK enjoyed better weather than expected and a more prolonged heat wave than in prior years in July 2022 giving the Q3 and Q4 sales a greater boost.

With travel and exhibitions now on the increase, this will provide further growth in our sales in the coming years.

The directors are satisfied with the performance of the company in the last 12 months, and remain focused on investing in and continuously improving the business.

The Directors are also satisfied with the financial position at August 2022 with the Balance Sheet showing very healthy Current Assets to Current Liabilities Ratio with strong liquid assets in the form of Cash and Banks increasing over 34% during the last 12 months 2022 £2,734,905 (2021 : £2,036,051) whereas liquid assets have decreased mainly due to a 19% reduction in year-end stock holding 2022 £3,295,984 (2021 : £4,093,934) which is primarily due to a more focused and efficient purchasing and use of stock levels.

Trade creditors and accrued expenses have increased by 208% in last 12 months 2022 £1,509,988 (2021 : £490,207) which is reflective of the pre-pandemic level of trading. There are no long-term liabilities or lending/ overdraft against the business, the financial stability of Linco Care Limited looks secure in the short and medium term.

LINCO CARE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Key performance indicators

The directors consider that the following are the key performance indicators:

- Total units manufactured
- Sales

Further details can be found in fair review section of this report.

Risk management

The Directors continue to monitor all risks to the business –

- Debtor recoverability via ongoing reviews of customer credit limits and proforma payments from international customers.
- Cash Flow is reviewed on a month-to-month basis with the Directors aiming to continuously improve the cash position of the business.
- Management regularly review costs and expenses of all raw materials and services and comparisons from alternative suppliers are collected to ensure costs remain competitive.
- Competition for market share.
- *Customer Retention* – The Directors at Linco Care Limited pride themselves on creating strong working relationships with all customers no matter the size, this begins from initial contact through the companies sales reps and maintained through regular meetings to ensure all our customers' requirements are met and they remain completely satisfied with the product and service they receive.
- *Exposure to Foreign Exchange Market* – Linco Care Limited minimises exposure to Forex by holding currency accounts with balances maintained at appropriate levels to the forecasted needs of the business. Also exchange rates are monitored and transfers between currency accounts are processed accordingly when trends are identified.
- Health and Safety.

All reasonable steps have been taken to mitigate key risks and suitable monitoring is in place within all aspects of the business to identify trends and review against budgets. The directors are therefore confident in the ongoing performance and risk of the business.

LINCO CARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Linco Care Limited and the environment

Linco Care Limited takes its environmental responsibilities seriously and obtained accreditation under ISO 14001 since 2008 and the company remains committed to reducing its carbon footprint and increasing our usage of renewable energy sources. This has heavily influenced the new warehouse build. The building is graded A for energy efficiency, with the addition of a 100KW peak photovoltaic system on the roof, from which the company estimates to be able to produce 80,000 KW hours per annum which reduces our carbon output by 35,200Kg of CO2.

Research and development

Research and development is still classed as a pivotal department and process within Linco Care Ltd.

More focus has been made in recent years on application of the cosmetic as well as the lifestyle element of the products produced. These strategic moves have been made to ensure healthy evolutions on existing items to answer market demands. Newer formats of digital compliancy have also been created to ensure more efficient responses to export markets.

With R&D expenditure increasing year on year Linco Care Limited strive to innovate, improve and evolve the product range each year. Currently with several new products in the pipeline and further concept products for 2022/23.

Looking forward

The Directors of the business are acutely aware that the next 12 months will continue to be a challenge with energy costs, and cost of raw materials. The business's sun product range, is again difficult to forecast however, heatwaves are becoming more predictable and the norm in the UK, together with an increasing demand for people wanting to travel abroad for holidays again post pandemic. These factors do provide optimism for the next 12 months.

Linco Care Limited like all other export businesses will have to continue to deal with the new measures and regulations brought in by the changes to the post Brexit trade deal, which have caused uncertainty in both the UK and European marketplace and will clearly be a challenge moving forward, however the Directors feel that by ongoing market research and maintaining close relationships with both customers and suppliers the company is in a good position to navigate the potential threats and risks to the business.

On behalf of the board



Mr F Sekaleshfar

Director

Date: 12.6.23

LINCO CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company during the year ending 31 August 2022 continued to be the manufacture and distribution of personal care products, including sun, hair and beauty products.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £569,150 (2021 - £1,037,900). The directors do not recommend payment of a final dividend.

Directors

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

Mr F Sekaleshfar
Mr S Sekaleshfar
Mr B Todd
Mr M Todd
Mr J Todd

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

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

Going Concern

The financial position of the company, its cash flows and future liquidity position have been evaluated by the Directors together with the Company's objectives for growth and the process for managing its capital and its financial risk management objectives including any overdraft requirements.

The company has considerable financial resources together with the strength of its management team, manufacturing base and sales team. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Director's assessment covers the period to 30th June 2024.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

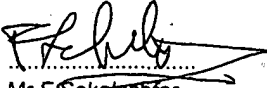
Strategic Report

In accordance with Section 414C (11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 the company has chosen 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.

LINCO CARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

On behalf of the board



Mr F Sekateshwar
Director

Date: 12.6.23

LINCO CARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINCO CARE LIMITED

Opinion

We have audited the financial statements of Linco Care Limited (the 'company') for the year ended 31 August 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINCO CARE LIMITED (CONTINUED)

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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINCO CARE LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities including current certificates of accreditation.

The audit engagement team identified the risk of management override of controls and recognition of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and performing detailed testing on sales around the year end to ensure the correct cut off.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Dale Thorpe

Dale Thorpe BSc FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

13/06/23.....

LINCO CARE LIMITED

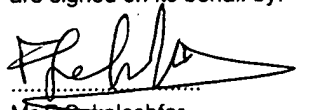
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	9,905,519	7,163,810
Cost of sales		(7,056,260)	(4,545,027)
Gross profit		2,849,259	2,618,783
Distribution costs		(49,467)	(20,960)
Administrative expenses		(2,344,169)	(1,969,433)
Other operating income		10,193	200,415
Operating profit	6	465,816	828,805
Interest receivable and similar income	7	443	1,242
Interest payable and similar expenses	8	-	(279)
Profit before taxation		466,259	829,768
Tax on profit	9	(15,737)	(88,816)
Profit for the financial year		450,522	740,952

LINCO CARE LIMITED**BALANCE SHEET****AS AT 31 AUGUST 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		799,525		812,607
Current assets					
Stocks	12	3,295,984		4,093,933	
Debtors	13	2,492,440		1,267,313	
Cash at bank and in hand		2,734,906		2,036,051	
		8,523,330		7,397,297	
Creditors: amounts falling due within one year	14	(2,188,303)		(956,423)	
Net current assets			6,335,027		6,440,874
Total assets less current liabilities			7,134,552		7,253,481
Provisions for liabilities	15		(39,533)		(39,834)
Net assets			7,095,019		7,213,647
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves	19		7,094,019		7,212,647
Total equity			7,095,019		7,213,647

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



 Mr F Sekaleshwar
 Director

12.6.23

LINCO CARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 September 2020		1,000	7,509,595	7,510,595
Year ended 31 August 2021:				
Profit and total comprehensive income for the year		-	740,952	740,952
Dividends	10	-	(1,037,900)	(1,037,900)
Balance at 31 August 2021		1,000	7,212,647	7,213,647
Year ended 31 August 2022:				
Profit and total comprehensive income for the year		-	450,522	450,522
Dividends	10	-	(569,150)	(569,150)
Balance at 31 August 2022		1,000	7,094,019	7,095,019

LINCO CARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	20	1,396,031		1,622,529	
Interest paid		-		(279)	
Income taxes paid		(84,961)		(340,039)	
Net cash inflow from operating activities		1,311,070		1,282,211	
Investing activities					
Purchase of tangible fixed assets		(44,752)		(27,425)	
Proceeds on disposal of tangible fixed assets		1,244		438	
Interest received		443		1,242	
Net cash used in investing activities		(43,065)		(25,745)	
Financing activities					
Dividends paid		(569,150)		(1,037,900)	
Net cash used in financing activities		(569,150)		(1,037,900)	
Net increase in cash and cash equivalents		698,855		218,566	
Cash and cash equivalents at beginning of year		2,036,051		1,817,485	
Cash and cash equivalents at end of year		2,734,906		2,036,051	

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Linco Care Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Linco House, Manchester Road, Carrington, M31 4BX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The financial position of the company, its cash flows and future liquidity position have been evaluated by the Directors together with the Company's objectives for growth and the process for managing its capital and its financial risk management objectives including any overdraft requirements.

The company has considerable financial resources together with the strength of its management team, manufacturing base and sales team. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Director's assessment covers the period to 30th June 2024.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods dispatched during the year, exclusive of Valued Added Tax.

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

Tangible fixed assets

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

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

Buildings Leasehold	2% - 25% per annum straight line
Plant and machinery	15% per annum straight line
Fixtures, fittings and equipment	15%-25% per annum straight line
Motor vehicles	25% per annum straight line

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated on a "first in first out" basis at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Other financial liabilities

Derivatives, including interest rate swaps and 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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Retirement benefits

The company operates two defined contribution pension schemes and contributions payable for the year are charged to the profit and loss account. Any amounts outstanding at the balance sheet date are included in other creditors.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

2 Judgements and key sources of estimation uncertainty

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

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

There is estimation uncertainty surrounding the calculation of the stock provision of £974,712 (2021: £1,726,484). This was based on historical profiles on movement and estimated future usage on a product by product basis.

Standard stock costings incorporate judgements about expected raw material prices.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Manufacture and distribution	9,905,519	7,163,810
	<u> </u>	<u> </u>
	2022 £	2021 £
Other revenue		
Interest income	443	1,242
	<u> </u>	<u> </u>

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	7,188,194	4,558,271
Europe	994,710	1,091,114
Asia	1,444,273	1,384,877
America	5,079	3,488
Australia and New Zealand	175,062	92,010
Africa	56,894	34,050
Caribbean	41,307	-
	<u>9,905,519</u>	<u>7,163,810</u>

4 Employees

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

	2022 Number	2021 Number
Production staff	47	45
Distribution staff	7	5
Administrative staff	14	11
Total	<u>68</u>	<u>61</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,035,274	1,774,948
Social security costs	185,738	155,173
Pension costs	44,130	34,924
	<u>2,265,142</u>	<u>1,965,045</u>

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	489,156	385,352
Company pension contributions to defined contribution schemes	7,728	5,759
	<u>496,884</u>	<u>391,111</u>

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	316,188	203,513
Company pension contributions to defined contribution schemes	7,728	5,759

6 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	9,726	4,526
Research and development costs	81,188	29,822
Fees payable to the company's auditor for the audit of the company's financial statements	21,000	19,250
Depreciation of owned tangible fixed assets	57,834	67,488
Profit on disposal of tangible fixed assets	(1,244)	(438)
Operating lease charges	195,000	195,000

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	443	217
Other interest income	-	1,025
Total income	443	1,242

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	443	217
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8 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Other interest	-	279

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	89,066	167,332
Adjustments in respect of prior periods	(73,028)	(81,860)
Total current tax	16,038	85,472
Deferred tax		
Origination and reversal of timing differences	(301)	(8,180)
Changes in tax rates	-	11,524
Total deferred tax	(301)	3,344
Total tax charge	15,737	88,816

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	466,259	829,768
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	88,589	157,656
Tax effect of expenses that are not deductible in determining taxable profit	248	3,460
Adjustments in respect of prior years	(73,028)	(81,860)
Adjustment in respect of prior years - deferred tax	(72)	-
Adjust deferred tax to average rate	-	9,560
Taxation charge for the year	15,737	88,816

Factors affecting future tax charges

The main rate of corporation tax remains at 19%. In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 21.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Dividends

	2022 Per share £	2021 Per share £	2022 Total £	2021 Total £
A Ordinary shares				
Interim paid	852.00	1,302.00	170,400	260,400
C Ordinary shares				
Interim paid	450.00	900.00	90,000	180,000
D Ordinary shares				
Interim paid	450.00	900.00	33,750	67,500
E Ordinary shares				
Interim paid	450.00	900.00	45,000	90,000
F Ordinary shares				
Interim paid	583.00	1,133.33	87,500	170,000
G Ordinary shares				
Interim paid	583.00	1,133.33	87,500	170,000
H Ordinary shares				
Interim paid	550.00	1,000.00	55,000	100,000
Total dividends				
Interim paid			569,150	1,037,900

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

11 Tangible fixed assets

	Buildings Leasehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2021	892,510	353,360	145,795	85,080	1,476,745
Additions	5,084	31,961	7,707	-	44,752
At 31 August 2022	897,594	385,321	153,502	85,080	1,521,497
Depreciation and impairment					
At 1 September 2021	203,505	237,741	137,812	85,080	664,138
Depreciation charged in the year	19,900	33,209	4,725	-	57,834
At 31 August 2022	223,405	270,950	142,537	85,080	721,972
Carrying amount					
At 31 August 2022	674,189	114,371	10,965	-	799,525
At 31 August 2021	689,005	115,619	7,983	-	812,607

12 Stocks

	2022 £	2021 £
Raw materials and consumables	1,741,336	1,859,705
Finished goods and goods for resale	1,554,648	2,234,228
	3,295,984	4,093,933

Stock provision of £974,712 (2021: £1,726,484) was made based on slow movement and obsolete stock.

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,251,903	1,207,961
Other debtors	18,290	18,179
Prepayments and accrued income	222,247	41,173
	2,492,440	1,267,313

During the year an impairment loss of £2,337 (2021 : £15,525) has been recognised in respect of trade debtors.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,041,692	277,279
Corporation tax	16,038	84,961
Other taxation and social security	246,360	295,107
Other creditors	371,031	15,261
Accruals and deferred income	513,182	283,815
	<u>2,188,303</u>	<u>956,423</u>

15 Provisions for liabilities

	Notes	2022 £	2021 £
Deferred tax liabilities	16	<u>39,533</u>	<u>39,834</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	41,682	40,814
Short term timing differences	(2,149)	(980)
	<u>39,533</u>	<u>39,834</u>
Movements in the year:		2022 £
Liability at 1 September 2021		39,834
Credit to profit or loss		(301)
Liability at 31 August 2022		<u>39,533</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	44,130	34,924

The company operates two defined contribution pension schemes for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 31 August 2022 an amount of £16,619 (2021 : £10,767) was due by the company to the pension schemes.

18 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of £1 each	200	200	200	200
B Ordinary shares of £1 each	25	25	25	25
C Ordinary shares of £1 each	200	200	200	200
D Ordinary shares of £1 each	75	75	75	75
E Ordinary shares of £1 each	100	100	100	100
F Ordinary shares of £1 each	150	150	150	150
G Ordinary shares of £1 each	150	150	150	150
H Ordinary shares of £1 each	100	100	100	100
	1,000	1,000	1,000	1,000

All the shares rank pari passu in all respects except the directors may at any time resolve to declare different dividends in relation to each class and may also resolve to declare a dividend on one or more class of share and not on another class or classes.

19 Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

20 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	450,522	740,952
Adjustments for:		
Taxation charged	15,737	88,816
Finance costs	-	279
Investment income	(443)	(1,242)
Gain on disposal of tangible fixed assets	(1,244)	(438)
Depreciation and impairment of tangible fixed assets	57,834	67,488
Movements in working capital:		
Decrease in stocks	797,949	576,444
(Increase)/decrease in debtors	(1,225,127)	206,110
Increase/(decrease) in creditors	1,300,803	(55,880)
Cash generated from operations	1,396,031	1,622,529

21 Analysis of changes in net funds

	1 September 2021 £	Cash flows £	31 August 2022 £
Cash at bank and in hand	2,036,051	698,855	2,734,906

22 Operating lease commitments

Lessee

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

	2022 £	2021 £
Within one year	195,000	195,000
Between one and five years	-	195,000
	195,000	390,000

LINCO CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

23 Related party transactions

During the year the director Mr B Todd introduced £242,452 into the company and withdrew amounts totalling £121,653. As at 31 August 2022 the company owed Mr B Todd £125,550 (2021: £4,751) under informal interest free loans.

During the year the former director Mrs B Todd introduced £90,000 into the company and withdrew amounts totalling £37,277. As at 31 August 2022 the company owed Mrs B Todd £53,681 (2021: £958) under informal interest free loans.

During the year the former director Mrs N Sekalesfar introduced £35,340 into the company and withdrew amounts totalling £33,750. As at 31 August 2022 the company was owed £nil by Mrs N Sekalesfar (2021: £1,590). This was the maximum overdrawn amount and no interest has been charged on this amount.

During the year the director Mr J Todd introduced £87,500 into the company and withdrew amounts totalling £140. As at 31 August 2022 the company owed Mr J Todd £87,370 (2021: £5) under informal interest free loans.

During the year the director Mr M Todd introduced £87,500 into the company and withdrew amounts totalling £25. As at 31 August 2022 the company owed Mr M Todd £87,787 (2021: £312) under informal interest free loans.

During the year the shareholder Dr F Sekalesfar introduced £55,000 into the company and withdrew amounts totalling £55,002. As at 31 August 2022 the company owed Dr F Sekalesfar £24 (2021: £26) under informal interest free loans.

Mr Todd has an interest in a company Linco Impex Inc which owns 100% of the share capital of Dimples Limited.

During the year there were sales to Dimples Limited by the company of £30,177 (2021: £37,663). At the year end included in trade debtors was £6,457 (2021: £90) owed to the company. Purchases were also made from Dimples Limited amounting to £288 (2021: £288).

Mr S Sekalesfar has a 100% interest in a company QHorizons Limited. During the year sales of £139,547 (2021: £198,270) were made to QHorizons Limited. At the year end trade debtors includes £116,763 (2021: £27,672) owed to the company.

The directors Mr B Todd, together with his wife and Mr F Sekalesfar own property that the company trades from. Rent amounting to £195,000 (2021: £195,000) was charged to the company by the directors during the financial year. At the year end the company owed Orly Property £146,250 (2021: £nil).

During the year dividends of £170,400 (2021: £260,400), £90,000 (2021: £180,000), £nil (2021: £nil), £45,000 (2021: £90,000), £33,750 (2021: £67,500), £87,500 (2021: £170,000) and £87,500 (2021: £170,000) were paid to the director Mr B Todd, former director Mrs B Todd, and the directors Mr F Sekalesfar, Mr S Sekalesfar and former director Mrs N Sekalesfar and the directors Mr M Todd and Mr J Todd respectively.

Dividends of £55,000 (2021: £100,000) were also paid during the year to the shareholder Dr F Sekalesfar.

24 Control

The company is under control of Mr B Todd and other family members by virtue of their majority interest in the share capital of the company.