

Seafox Dycem 2 Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 09917624 (England and Wales)

Seafox Dycem 2 Limited

Company Information

Directors	S E Schmidt- Chiari G E Nicholson S G Cantley I H Abrahams M J Briand N Crofts	(Appointed 1 May 2023)
Secretary	M Briand	
Company number	09917624	
Registered office	2 - 4 Ashley Trading Estate Ashley Parade Bristol United Kingdom BS2 9BB	
Auditor	Moore Kingston Smith LLP Orbital House 20 Eastern Road Romford Essex RM1 3PJ	
Business address	2 - 4 Ashley Trading Estate Ashley Parade Bristol United Kingdom BS2 9BB	

Seafox Dycem 2 Limited

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

The principal activity of the Group is the manufacture and supply of contamination control flooring and nonslip products internationally. The Group trades in 50 countries around the world.

Business Review

2022 business performance has been strong. The business has seen revenue growth of 19% and operating profit and EBITDA increasing by £429k (18%) and £418k (14%) despite an external backdrop of cost pressures and fluctuating foreign exchange rates.

Contamination Control has driven growth in the year with year-on-year growth of 23%. The US has been the strongest performing market along with Europe and the growth follows recent investment in the organisation.

Gross Margin was maintained at 71% (69% 2021) by carefully balancing pricing and costs. The business has seen a return to marketing and lead generation activities and unrestricted travel across all its geographies, and it continues to invest in its direct sales teams. Manufacturing and business infrastructure continue to be upgraded and improved to meet our global markets. All of which will continue to drive future growth.

The directors are pleased with the performance during the year and believe the business will continue to grow.

Financial Performance

	2022	2021	Movement	
	£'000	£'000	£'000	%
Turnover	16,986	14,394	2,592	18%
Gross Profit	12,011	9,932	2,079	21%
Operating profit*	2,691	2,262	429	19%
EBITDA*	3,412	3,415	418	14%

* EBITDA & Operating Profit are calculated before Group and Non Executive Costs, £152k (2021 £139k), Gain on Exchange, £40k (2021 Loss £84k), Share Based Payments £370k (2021 Nil) and Non-recurring costs, £252k (2021 £237k).

Principal risks and uncertainties

Financial Instrument Risks The group uses financial instruments comprising group and bank borrowings, some cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to assist in financing the group's operations. The group also has bank facilities denominated in euros and US dollars. The purpose of these facilities is to manage the currency risk arising from the group's operations. The main risks arising from the group's financial instruments are foreign currency risk and interest risk.

Currency risk The group is exposed to transaction foreign exchange risk. The group seeks to hedge its exposure using a combination of bank facilities denominated in euros and US Dollars, along with a long term hedge agreement, with the objective of minimising the effects of fluctuations in exchange rates on future transactions and cash flows.

Interest rate risk The group finances its operations through a mixture of retained profits, group and bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Seafox Dycem 2 Limited

Strategic Report (Continued)

For the year ended 31 December 2022

Financial key performance indicators

The directors have monitored the progress of the overall group strategy and the individual strategic elements by reference to certain financial and nonfinancial key performance indicators.

	Year to 31 December 2022	Year to 31 December 2021
Sales Growth %	18%	20%
Gross Profit %	71%	69%
EBITDA Growth %	14%	33%
EBITDA % of Sales	20%	21%
Debtor Days	52	48

On behalf of the board

M J Briand
Director

25 May 2023

Seafox Dycem 2 Limited

Directors' Report

For the year ended 31 December 2022

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

Principal activities

The principal activity of the company during the year continued to be that of a holding company.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

Directors

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

S E Schmidt- Chiari

G E Nicholson

S G Cantley

I H Abrahams

M J Briand

N Crofts

(Appointed 1 May 2023)

Post reporting date events

There have been no significant events affecting the group since the year end.

Future developments

The business continues to focus on the contamination control market across Europe and the USA. There are no changes in the strategic focus of the business.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the group will be put at a General Meeting.

Seafox Dycem 2 Limited

Directors' Report (Continued)

For the year ended 31 December 2022

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

On behalf of the board

M J Briand
Director

25 May 2023

Seafox Dycem 2 Limited

Independent Auditor's Report

To the Members of Seafox Dycem 2 Limited

Opinion

We have audited the financial statements of Seafox Dycem 2 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group 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 group's and the parent company's affairs as at 31 December 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's 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.

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 group's and parent 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.

Seafox Dycem 2 Limited

Independent Auditor's Report (Continued)

To the Members of Seafox Dycem 2 Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Seafox Dycem 2 Limited

Independent Auditor's Report (Continued)

To the Members of Seafox Dycem 2 Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seafox Dycem 2 Limited

Independent Auditor's Report (Continued)

To the Members of Seafox Dycem 2 Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

Karen Wardell (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

25 May 2023

Chartered Accountants
Statutory Auditor

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

Seafox Dycem 2 Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	16,986,266	14,393,663
Cost of sales		(4,975,174)	(4,461,305)
Gross profit		12,011,092	9,932,358
Distribution costs		(1,492,014)	(1,065,142)
Administrative expenses		(8,528,847)	(7,065,148)
Operating profit	4	1,990,231	1,802,068
Interest payable and similar expenses	7	(298,010)	(360,616)
Profit before taxation		1,692,221	1,441,452
Tax on profit	8	98,276	(235,872)
Profit for the financial year	24	1,790,497	1,205,580
Other comprehensive income			
Currency translation differences		66,400	(14,584)
Total comprehensive income for the year		1,856,897	1,190,996

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

Total comprehensive income for the year is all attributable to the owners of the parent company.

Seafox Dycem 2 Limited

Group Balance Sheet

As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	10	(96,092)		(126,828)	
Other intangible assets	10	1,332,054		1,723,694	
Total intangible assets		1,235,962		1,596,866	
Tangible assets	11	372,296		511,649	
		1,608,258		2,108,515	
Current assets					
Stocks	15	1,177,274		667,671	
Debtors	16	3,686,131		3,155,166	
Cash at bank and in hand		983,954		1,274,351	
		5,847,359		5,097,188	
Creditors: amounts falling due within one year	17	(3,594,908)		(3,357,404)	
Net current assets		2,252,451		1,739,784	
Total assets less current liabilities		3,860,709		3,848,299	
Creditors: amounts falling due after more than one year	18	(4,335,682)		(4,731,271)	
Provisions for liabilities					
Deferred tax liability	21	281,529		(37,639)	
		281,529		(37,639)	
Net liabilities		(193,444)		(920,611)	
Capital and reserves					
Called up share capital	23	1		1	
Capital contribution reserve	24	370,270		-	
Profit and loss reserves	24	(563,715)		(920,612)	
Total equity		(193,444)		(920,611)	

The financial statements were approved by the board of directors and authorised for issue on 25 May 2023 and are signed on its behalf by:

M J Briand
Director

Seafox Dycem 2 Limited

Company Balance Sheet

As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	12		5,426,042		5,426,042
Current assets					
Debtors	16	173,350		-	
Cash at bank and in hand		727		4,680	
		<u>174,077</u>		<u>4,680</u>	
Creditors: amounts falling due within one year	17	<u>(1,286,385)</u>		<u>(1,356,167)</u>	
Net current liabilities			<u>(1,112,308)</u>		<u>(1,351,487)</u>
Total assets less current liabilities			4,313,734		4,074,555
Creditors: amounts falling due after more than one year	18		(4,175,000)		(4,475,000)
Provisions for liabilities	21		<u>89,856</u>		<u>-</u>
Net assets/(liabilities)			<u>228,590</u>		<u>(400,445)</u>
Capital and reserves					
Called up share capital	23		1		1
Profit and loss reserves	24		<u>228,589</u>		<u>(400,446)</u>
Total equity			<u>228,590</u>		<u>(400,445)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,129,035 (2021 - £4,097,691 profit).

The financial statements were approved by the board of directors and authorised for issue on 25 May 2023 and are signed on its behalf by:

M J Briand
Director

Company Registration No. 09917624

Seafox Dycem 2 Limited

Group Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Capital contribution reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2021	1	-	(11,608)	(11,607)
Year ended 31 December 2021:				
Profit for the year	-	-	1,205,580	1,205,580
Other comprehensive income:				
Currency translation differences	-	-	(14,584)	(14,584)
Total comprehensive income for the year	-	-	1,190,996	1,190,996
Dividends	9	-	(2,100,000)	(2,100,000)
Balance at 31 December 2021	1	-	(920,612)	(920,611)
Year ended 31 December 2022:				
Profit for the year	-	-	1,790,497	1,790,497
Other comprehensive income:				
Currency translation differences	-	-	66,400	66,400
Total comprehensive income for the year	-	-	1,856,897	1,856,897
Dividends	9	-	(1,500,000)	(1,500,000)
Share option charge	-	370,270	-	370,270
Balance at 31 December 2022	1	370,270	(563,715)	(193,444)

Seafox Dycem 2 Limited

Company Statement of Changes in Equity

For the year ended 31 December 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2021		1	(2,398,137)	(2,398,136)
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	4,097,691	4,097,691
Dividends	9	-	(2,100,000)	(2,100,000)
Balance at 31 December 2021		1	(400,446)	(400,445)
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	2,129,035	2,129,035
Dividends	9	-	(1,500,000)	(1,500,000)
Balance at 31 December 2022		1	228,589	228,590

Seafox Dycem 2 Limited

Group Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	29	2,343,321	1,197,051
Interest paid		(298,010)	(1,318,599)
Income taxes paid		(483,880)	(276,268)
Net cash inflow/(outflow) from operating activities		1,561,431	(397,816)
Investing activities			
Purchase of intangible assets		-	(4,023)
Purchase of tangible fixed assets	(213,126)		(195,242)
Proceeds on disposal of tangible fixed assets	449		7,628
Net cash used in investing activities		(212,677)	(191,637)
Financing activities			
Proceeds from borrowings	200,000		5,000,000
Repayment of bank loans	(300,000)		(3,242,000)
Payment of finance leases obligations	(101,682)		(95,261)
Dividends paid to equity shareholders	(1,500,000)		(2,100,000)
Net cash used in financing activities		(1,701,682)	(437,261)
Net decrease in cash and cash equivalents		(352,928)	(1,026,714)
Cash and cash equivalents at beginning of year		1,274,351	2,313,896
Effect of foreign exchange rates		62,531	(12,831)
Cash and cash equivalents at end of year		983,954	1,274,351

Seafox Dycem 2 Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

Seafox Dycem 2 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2 - 4 Ashley Trading Estate, Ashley Parade, Bristol, United Kingdom, BS2 9BB.

The group consists of Seafox Dycem 2 Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

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

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

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Seafox Dycem 2 Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors' have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The directors have prepared forecasts for a period of at least 12 months from the date of approval of these statements which indicate that the company and the group is able to operate within its funding facilities. Thus the directors' continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

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

Sale of goods

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

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

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Rendering of services

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

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over its expected life.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Trademarks & brands	10 years
Customer list	10 years

1.7 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives using the straight line method:

Leasehold land and buildings	Over the length of the lease
Plant and equipment	10%-40% per annum
Motor vehicles	20% per annum

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

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

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

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.12 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, 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 group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

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

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest 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 that do not meet the conditions in FRS 102 paragraph 11.9 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.

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.18 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The company exercises judgements to determine useful lives and residual useful lives and residual values for tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Provision for bad and doubtful debts

Provisions are made for significantly overdue items on the debtors ledger with specific provision for debtors in financial difficulty.

Provision for obsolete and slow moving stock

Stock provision is based upon the movement of stock in the previous 12 months.

Impairment of non financial assets

Where there are indicators of impairment of individual assets, management perform impairment tests based on the fair value less costs to sell or a value in use calculations. The value in use model is based on a discounted cash flow model, cash flow being based on budgets and estimated discount rates.

3 Turnover and other revenue

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	1,574,586	1,514,742
Europe	5,670,778	3,258,593
Rest of the World	9,740,902	9,620,328
	<u>16,986,266</u>	<u>14,393,663</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	16,583	83,861
Research and development costs	56,767	28,843
Depreciation of owned tangible fixed assets	356,348	369,135
Profit on disposal of tangible fixed assets	(449)	-
Amortisation of intangible assets	360,904	362,642
Cost of stocks recognised as an expense	2,669,614	3,594,964
Share-based payments	370,270	-
Operating lease charges	494,247	263,230
	<u>16,583</u>	<u>83,861</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £16,583 (2021 - £83,861).

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>39,000</u>	<u>32,550</u>

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Direct	13	12	-	-
Sales	46	48	-	-
Administration	30	22	-	-
Total	89	82	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,454,630	4,914,464	-	-
Social security costs	528,738	397,296	-	-
Pension costs	125,750	109,081	-	-
Total	7,109,118	5,420,841	-	-

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	252,915	155,965
Interest payable to group undertakings	-	116,937
Other interest on financial liabilities	12,000	68,516
	264,915	341,418
Other finance costs:		
Interest on finance leases and hire purchase contracts	14,100	19,198
Other interest	18,995	-
Total finance costs	298,010	360,616

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	172,096
Adjustments in respect of prior periods	(46,676)	(75,928)
Foreign exchange differences	20,977	(305)
	<u>(25,699)</u>	<u>95,863</u>
Total UK current tax	(25,699)	95,863
Foreign current tax on profits for the current period	211,281	357,324
Adjustments in foreign tax in respect of prior periods	(5,608)	(124,972)
	<u>205,673</u>	<u>232,352</u>
Total current tax	<u>179,974</u>	<u>328,215</u>
Deferred tax		
Origination and reversal of timing differences	(238,164)	(159,900)
Changes in tax rates	(25,871)	68,261
Foreign exchange differences	(14,215)	(704)
	<u>(278,250)</u>	<u>(92,343)</u>
Total deferred tax	(278,250)	(92,343)
Total tax (credit)/charge for the year	<u>(98,276)</u>	<u>235,872</u>

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

8 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	1,692,221	1,441,452
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	321,522	273,876
Tax effect of expenses that are not deductible in determining taxable profit	84,920	127,248
Tax effect of income not taxable in determining taxable profit	(98,936)	(26,534)
Adjustments in respect of prior years	(52,284)	-
Effect of change in corporation tax rate	76,225	75,018
Group relief	(426,386)	10,209
Deferred tax adjustments in respect of prior years	(26,379)	(200,900)
Foreign exchange differences	26,557	(1,009)
Fixed asset differences	(3,515)	(2,529)
Other adjustments relating to deferred tax	-	40,269
Patent box additional deduction	-	(59,776)
Taxation (credit)/charge for the year	(98,276)	235,872

9 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Final paid	1,500,000	2,100,000

10 Intangible fixed assets

Group	Goodwill £	Trademarks & brands £	Customer list £	Total £
Cost				
At 1 January 2022 and 31 December 2022	(307,362)	305,946	3,798,008	3,796,592
Amortisation and impairment				
At 1 January 2022	(180,534)	114,983	2,265,277	2,199,726
Amortisation charged for the year	(30,736)	11,840	379,800	360,904
At 31 December 2022	(211,270)	126,823	2,645,077	2,560,630

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

10 Intangible fixed assets (Continued)

Carrying amount

At 31 December 2022	(96,092)	179,123	1,152,931	1,235,962
At 31 December 2021	(126,828)	190,963	1,532,731	1,596,866

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

11 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2022	1,035,988	1,033,068	56,349	2,125,405
Additions	79,015	134,111	-	213,126
Disposals	(141,594)	(6,052)	-	(147,646)
Exchange adjustments	31,834	10,029	-	41,863
At 31 December 2022	1,005,243	1,171,156	56,349	2,232,748
Depreciation and impairment				
At 1 January 2022	923,525	643,691	46,540	1,613,756
Depreciation charged in the year	39,771	313,155	3,422	356,348
Eliminated in respect of disposals	(141,594)	(6,052)	-	(147,646)
Exchange adjustments	72,375	(34,381)	-	37,994
At 31 December 2022	894,077	916,413	49,962	1,860,452
Carrying amount				
At 31 December 2022	111,166	254,743	6,387	372,296
At 31 December 2021	112,463	389,377	9,809	511,649

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	-	420,201	-	-
Motor vehicles	-	9,528	-	-
	-	429,729	-	-

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	5,426,042	5,426,042

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022 and 31 December 2022	5,426,042
Carrying amount	
At 31 December 2022	5,426,042
At 31 December 2021	5,426,042

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	Indirect
Dycem Limited	United Kingdom	Ordinary	100.00	-
Dycem Asia Inc	Philippines	Ordinary	-	100.00
Dycem Corporation	United States of America	Ordinary	-	100.00
Dycem GmbH	Germany	Ordinary	-	100.00
Dycem France SAS	France	Ordinary	-	100.00

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

14 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,264,694	3,155,166	173,350	-
	<u>3,264,694</u>	<u>3,155,166</u>	<u>173,350</u>	<u>-</u>
Carrying amount of financial liabilities				
Measured at amortised cost	3,466,263	3,098,367	986,385	1,056,167
	<u>3,466,263</u>	<u>3,098,367</u>	<u>986,385</u>	<u>1,056,167</u>

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	261,239	207,775	-	-
Finished goods and goods for resale	916,035	459,896	-	-
	<u>1,177,274</u>	<u>667,671</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	3,264,694	2,909,637	-	-
Corporation tax recoverable	130,629	-	-	-
Amounts owed by group undertakings	-	-	173,350	-
Other debtors	12,703	30,216	-	-
Prepayments and accrued income	278,105	215,313	-	-
	<u>3,686,131</u>	<u>3,155,166</u>	<u>173,350</u>	<u>-</u>

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	19	500,000	300,000	300,000	300,000
Obligations under finance leases	20	95,660	101,753	-	-
Trade creditors		727,438	479,134	-	-
Amounts owed to group undertakings		1,048,392	1,014,005	980,997	1,026,447
Corporation tax payable		-	132,359	-	-
Other taxation and social security		165,909	187,332	-	-
Other creditors		93,469	42,413	2,250	2,250
Accruals and deferred income		964,040	1,100,408	3,138	27,470
		<u>3,594,908</u>	<u>3,357,404</u>	<u>1,286,385</u>	<u>1,356,167</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	4,175,000	4,475,000	4,175,000	4,475,000
Obligations under finance leases	20	160,682	256,271	-	-
		<u>4,335,682</u>	<u>4,731,271</u>	<u>4,175,000</u>	<u>4,475,000</u>

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	<u>4,675,000</u>	<u>4,775,000</u>	<u>4,475,000</u>	<u>4,775,000</u>
Payable within one year	500,000	300,000	300,000	300,000
Payable after one year	<u>4,175,000</u>	<u>4,475,000</u>	<u>4,175,000</u>	<u>4,475,000</u>

The long-term loans are secured by fixed and floating charges on all company, subsidiary and immediate parent assets.

During the year, interest was charged on these loans at an average of 4.97% per annum (2021: 4.08% per annum).

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	95,660	101,753	-	-
In two to five years	160,682	256,271	-	-
	<u>256,342</u>	<u>358,024</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	(32,796)	(22,353)
Tax losses	(89,856)	-
Arising on business combinations	(56,821)	168,799
Short term temporary differences	(102,056)	(108,807)
	<u>(281,529)</u>	<u>37,639</u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Tax losses	(89,856)	-
	<u>(89,856)</u>	<u>-</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	37,639	-
Credit to profit or loss	319,168	(89,856)
	<u>(281,529)</u>	<u>(89,856)</u>

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	125,750	109,081

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	1	1	1	1

24 Reserves

Capital contribution reserve

Comprises amounts recognised as a result of share options provided to company employees within the parent company. They are recognised against the cost of investment in the parent company. The amount recognised each year relates to the fair value of these options. The company has taken exemption from including the detail of these options as they can be found in the financial statements of Seafox Dycem 1 Limited

Profit and loss reserves

Includes all current and prior period retained profits and losses.

25 Financial commitments, guarantees and contingent liabilities

The group has granted a fixed and floating charge over its assets to secure the bank loans.

26 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	278,573	218,689	-	-
Between two and five years	790,962	847,945	-	-
In over five years	1,125,799	459,348	-	-
	<u>2,195,334</u>	<u>1,525,982</u>	<u>-</u>	<u>-</u>

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

27 Related party transactions

The company has taken advantage of the exemption available under FRS 102 to not disclose transactions with other wholly owned group companies.

The members of key management as defined by FRS102 are considered to be the directors of the company.

At the 31 December 2022 the group was owed an amount of £nil (2021: £nil) from Longacre Group International Limited, a company under the control of 3 of the company's directors. During the year the company recognised an expense of £115,000 (2021: £115,000) in respect of monitoring fees charged from the same company.

28 Controlling party

The company is a wholly owned subsidiary of Seafox Dycem 1 Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Longacre Group Limited, a company incorporated in England and Wales.

Longacre Group Limited is the largest group to prepare consolidated financial statements which include these financial statements. Copies of the financial statements can be obtained from 1 Mercer Street, London, WC2H 9QJ.

29 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	1,790,497	1,205,580
Adjustments for:		
Taxation (credited)/charged	(98,276)	235,872
Finance costs	298,010	360,616
Gain on disposal of tangible fixed assets	(449)	-
Amortisation and impairment of intangible assets	360,904	362,642
Depreciation and impairment of tangible fixed assets	356,348	369,135
Equity settled share based payment expense	370,270	-
Movements in working capital:		
(Increase)/decrease in stocks	(509,603)	81,586
Increase in debtors	(400,336)	(745,621)
Increase/(decrease) in creditors	175,956	(672,759)
Cash generated from operations	2,343,321	1,197,051

Seafox Dycem 2 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

30 Analysis of changes in net debt - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	1,274,351	(290,397)	983,954
Borrowings excluding overdrafts	(4,775,000)	100,000	(4,675,000)
Obligations under finance leases	(358,024)	101,682	(256,342)
	<u>(3,858,673)</u>	<u>(88,715)</u>	<u>(3,947,388)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.