

Rapid Racking Limited

Registered number: 01992143

Directors' report and financial statements

For the year ended 30 September 2019



RAPID RACKING LIMITED

COMPANY INFORMATION

Directors	B Auffrett P Brial J P Guichard (resigned 28 June 2019) K C Boad (resigned 4 July 2019) X Guichard (appointed 28 June 2019) J P Metcalfe (appointed 19 September 2019)
Company secretary	P Brial
Registered number	01992143
Registered office	Unit M3 Kemble Industrial Park Kemble Cirencester GL7 6BQ
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor Merck House Seldown Lane Poole Dorset BH15 1TW
Bankers	HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Moore Blatch LLP 11 The Avenue Southampton SO17 1XF

RAPID RACKING LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditors' report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 28

RAPID RACKING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The Directors present their Strategic Report for the year ended 30 September 2019.

Business review

Rapid Racking Limited's principal activity during the period was the sale of racking, shelving and associated storage products to the UK market through direct marketing to business customers and consumers.

The distance selling market for the types of products in which the company operates continues to present a challenging environment. Firstly the UK economy continues to present challenges, not least the uncertainty over Brexit and as a result, customer decisions on larger spend projects, such as racking and shelving are potentially being delayed. Secondly, within the UK market for shelving and racking supplies there are a small number of directly comparable companies but also an increasing number of web based companies offering similar product ranges as well as manufacturers focusing on larger design led racking projects.

The Covid-19 crisis has required Rapid Racking to adapt to a very fast moving health crisis and to mitigate potential economic uncertainty. Throughout late March and April 2020 the agility of Rapid Racking personnel has been demonstrated as the business has introduced new product ranges, including Return to Work kits, Hygiene Control and PPE. Within a matter of days introduced these new products for sale on the Rapid Racking website, which now offers a market leading range of products available on a next day delivery service that businesses and individuals can source to help the fight against the virus.

Since the start of the crisis in the UK (mid March 2020) the reactivity to customer changing demands (increased number of consumers vs business customers) and product types has mitigated the decline in ordered sales versus the same period in the prior year.

Measures are being put in place to attempt to safeguard, in as much as is possible, the performance and position of the Company, and these include:

- Reviewing staffing levels including furloughing of staff and a freeze on recruitments
- Renegotiation of maintenance contracts, especially related to the office premises
- Early termination of leased equipment, eg, company leased vehicles
- Participation in Government Schemes to improve short term cashflow (VAT deferment, CJRS)

The directors continue to focus on a strategy of providing customers with the largest range of shelving and racking in the UK, stocked in our UK warehouse, ready for immediate delivery to customers. The business continues to invest in developing world class customer relationships, recognising that sincere and longstanding customer relationships are a vital strategy in driving longer term turnover growth. We also recognise that customers expect a high level of commitment to quality and environmental management and in this respect the company is certified with both ISO9001 and ISO14001 qualifications.

Being a family member of the Manutan Group, the company is able to benefit from Group IT infrastructure investment and in the year further enhancements have been made to the website and ERP platforms to ensure that this performs at an optimum level for customers ordering through this channel.

RAPID RACKING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Principal risks and uncertainties

Rapid Racking's business has minimal turnover risk through concentration of business through a small selection of customers, and this is emphasised by the current active customer file that runs into thousands of customers.

Covid-19

Whilst it is uncertain how long the Covid-19 crisis will last, Rapid Racking is working to mitigate any potential risks. As described above, the business has been able to adapt quickly the product range to mitigate the reduction in sales. The directors continue to identify which products could be sold through BtoC channels, such as Amazon, to expand the customer database, mitigating the potential reduction in the BtoB customer database. Both before and throughout the crisis, the customer file continues to grow and runs into thousands and thousands of customers each month.

The directors are reviewing in greater detail the impact of customers potentially delaying payments or not paying at all (going bust) and are reviewing the resource to focus on the recoverability of customer debt. Customer credit limits continue to be reviewed and adjusted down where applicable, based on their most recent credit score drawn from an external credit reference agency.

Competition

The Company operates in a competitive market particularly around price and service. This results in downward pressure on margins. In order to mitigate this risk we have made significant investment in the marketing and product procurement areas of the business. We have also focused on the service given to customers and improved delivery and aftersales services to improve customer retention.

Price

The company is exposed to commodity price risk as a result of its operations. The directors continue to implement strategies to mitigate this by investing in alternative product and service ranges.

Exchange rates

The company sources some product and components from overseas and is therefore exposed to exchange rate movements. The Company continues to mitigate this risk by entering into a number of forward exchange contracts.

Interest rates

The company has significantly reduced its borrowings and therefore the directors do not consider there to be a significant interest rate exposure.

RAPID RACKING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Maintaining Quality

The directors have regular operational and strategic reviews with existing and potential new suppliers to ensure the business is able to offer innovative products and achieve a high service level supply-chain to maintain stock levels in the UK warehouse, necessary to achieve the high customer service commitment and achieve the next day delivery promise to customers. Rapid Racking is an accredited distributor member of SEMA (Storage Equipment Manufacturers Association), supplying quality storage equipment and promoting high safety standards required as a member of SEMA.

Employees

The directors recognise the principal asset within the business is the people working at Rapid Racking. Their dedication and skill is vital in improving the experience for every single customer. Significant investment continue to be made in improving the working conditions at the Kemble office and warehouse, aligned to the Manutan company vision "Enterprising for a better world".

Financial performance

Despite the ongoing slow economic recovery and increased competition the business realised a steady turnover performance of -0.4% compared to prior year. The core Racking and Shelving range performed well in the year with improvements to the website aiding continued growth in this sales channel.

Maintaining prior year Gross Margin levels was one of the main challenges for the year. A continuation of sterling devaluation vs Euro in the spring and summer of 2019 added to this pressure given that a proportion of products are purchased from suppliers in Europe. The business realised a Gross Profit level of 36.1% compared to 36.9% in the prior year. Investment in the strong delivery service to customers continues with Standard next day delivery being offered to all customers, with no delivery charge for orders placed above £99 + VAT.

Forward contracts are also in place to minimise the impact of exchange rate fluctuations.

Administrative costs were 4.7% lower than prior year, mainly due to a reduction in SGA expenses during the year.

Profit for the financial year after taxation is £1,477k compared to £1,335k in 2018.

Key performance indicators

The board monitors progress on overall strategy by reference to three key performance indicators.

	2019	2018	Definition, method of calculation
Sales growth (%)	-0.4%	+2.6%	Year on year sales growth expressed as a percentage
Gross Margin (%)	36.1%	36.9%	Gross profit expressed as a percentage of sales
Return on Investment (%)	5.5%	5.1%	Operating profit expressed as a percentage of net assets

RAPID RACKING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Future developments

Covid-19

The business has moved swiftly to adopt the current lockdown policy implemented by UK Government on 23 March 2020. All members of Rapid Racking office teams are working from home using the latest cloud based software and virtual desktops to enable a seamless transition from the office environment. The warehouse operations continue to operate with stringent hygiene procedures based on government and PHE guidance. Contingencies are in place to maintain warehouse operations with minimal impact should any warehouse team member test positive for Covid-19.

The Directors have reviewed the potential impact of the inevitable downturn in sales, with a focus on the current and future cash positions. Based on current assessments the business has sufficient cash resources, including any requirement to draw down cash from Manutan Group. The Directors have also reviewed the available access to government support, including the use of the CJRS and VAT deferment initiatives, and will utilise this support where we are able to do so.

Impact of the Covid-19 situation on the business Supply Chain operations are under constant review. Although some existing suppliers and manufacturers have temporarily ceased operations, based on current and forecast stock levels, we do not anticipate a material impact on the product available to our customers. The directors and procurement team increased stock levels in late 2019 to account for potential supply chain interruptions related to Brexit and these stock levels, across all product ranges, are forecast at adequate levels to satisfy customer demand.

Brexit

The directors recognise that the economic recovery will be slow for a number of years, especially with the backdrop of a Brexit transition period from January 2020 until the end of the year, as a minimum. Business customers especially will be mindful of potential capital expenditure on the types of racking and shelving products offered by Rapid Racking. We will continue to develop an exceptional product and service offering that attracts new customers as well as developing the relationships already held with existing customers so that as much as possible we mitigate the risk of the sluggish economy by increasing our market share.

General

We anticipate that with increased investment in the sales and marketing plans, especially investment in online activity, the business will continue increasing sales growth ahead of the current year results. We anticipate that gross margins will continue to remain under pressure although we continue to work to improve the gross margin year on year. Efficiencies are forecast to continue through the development of innovative IT solutions including the use of AI on both front and back office applications, therefore despite increased investment in sales and marketing plans, the business is planning to increase operating profit percentage.

This report was approved by the board and signed on its behalf.


Jonathan Metcalfe (Jun 1, 2020 12:20 GMT+1)

.....
J P Metcalfe
Director

Date: Jun 1, 2020

RAPID RACKING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,491k (2018 - £1,335k).

A dividend of £1,124 per share totalling £763k (2018: £915k) was paid in the year.

Directors

The Directors who served during the year were:

B Auffrett
P Brial
J P Guichard (resigned 28 June 2019)
K C Boad (resigned 4 July 2019)
X Guichard (appointed 28 June 2019)
J P Metcalfe (appointed 19 September 2019)

RAPID RACKING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Going concern

In determining whether the company's financial statements can be prepared on a going concern basis, the directors considered the business activities, together with the factors likely to affect its future development, performance and position; these are set out in the Strategic Report.

The company meets its day to day working capital requirements through existing cash resources, including access to Manutan Group cash pooling funds. The business forecasts and projections, taking account of reasonably possible changes in trading performance and the potential impact of the COVID-19 coronavirus, show that the company should be able to operate within the level of its current cash resources, without requirement for external cash funding

As at the date of this report, the directors have a reasonable expectation that the Company have adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Matters covered in the strategic report

The mandatory disclosures in relation to the principal risks and uncertainties and the future developments of the company are considered by the directors to be of strategic importance. These have therefore been included in the Strategic Report.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

See note 29 to the financial statements for reference to the COVID-19 coronavirus pandemic. There have been no other events since the balance sheet date that would have had a material impact on the financial statements.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Jonathan Metcalfe
Jonathan Metcalfe (Jun 1, 2020 12:20 GMT+1)

.....
J P Metcalfe
Director

Date: Jun 1, 2020

RAPID RACKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPID RACKING LIMITED

Opinion

We have audited the financial statements of Rapid Racking Limited (the 'Company') for the year ended 30 September 2019 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 6 and non- adjusting post balance sheet events on page 28.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

RAPID RACKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPID RACKING LIMITED

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In 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.

RAPID RACKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPID RACKING LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 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.

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

Use of the audit 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.


Lesley Fox (Jun 1, 2020 18:29 GMT+1)

Lesley Fox (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

5th Floor
Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Date: Jun 1, 2020

RAPID RACKING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	21,973	22,069
Cost of sales		(14,041)	(13,926)
Gross profit		<u>7,932</u>	<u>8,143</u>
Administrative expenses		(6,658)	(6,990)
Other operating income	5	-	4
Operating profit	6	<u>1,274</u>	<u>1,157</u>
Interest receivable and similar income	10	481	472
Interest payable and expenses	11	(38)	(59)
Profit before tax		<u>1,717</u>	<u>1,570</u>
Tax on profit	12	(226)	(235)
Profit for the financial year		<u><u>1,491</u></u>	<u><u>1,335</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£000NIL).

The notes on pages 13 to 28 form part of these financial statements.

RAPID RACKING LIMITED
REGISTERED NUMBER: 01992143

BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	285	716
		<u>285</u>	<u>716</u>
Current assets			
Stocks	15	2,402	2,417
Debtors: amounts falling due within one year	16	22,401	20,260
Cash at bank and in hand	17	3,958	4,872
		<u>28,761</u>	<u>27,549</u>
Creditors: amounts falling due within one year	18	(5,713)	(5,068)
Net current assets		<u>23,048</u>	<u>22,481</u>
Total assets less current liabilities		<u>23,333</u>	<u>23,197</u>
Creditors: amounts falling due after more than one year	19	-	(113)
Provisions for liabilities			
Other provisions	22	-	(479)
		<u>-</u>	<u>(479)</u>
Net assets		<u><u>23,333</u></u>	<u><u>22,605</u></u>
Capital and reserves			
Called up share capital	23	1	1
Share premium account	24	23	23
Profit and loss account	24	23,309	22,581
		<u>23,333</u>	<u>22,605</u>

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

Jonathan Metcalfe
Jonathan Metcalfe (Jun 1, 2020 12:20 GMT+1)

.....
J P Metcalfe
Director

Date: Jun 1, 2020

The notes on pages 13 to 28 form part of these financial statements.

RAPID RACKING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 October 2017	1	23	22,162	22,186
Comprehensive income for the year				
Profit for the year	-	-	1,335	1,335
Dividends: Equity capital	-	-	(916)	(916)
At 1 October 2018	1	23	22,581	22,605
Comprehensive income for the year				
Profit for the year	-	-	1,491	1,491
Dividends: Equity capital	-	-	(763)	(763)
At 30 September 2019	1	23	23,309	23,333

The notes on pages 13 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. General information

Rapid Racking Limited (No. 01992143) is a private company limited by shares incorporated in England and Wales. Its registered office is Unit M3 Kemble Industrial Park, Kemble, Cirencester, GL7 6BQ.

The principal business activity of the Company is the sale of shelving and storage products by direct marketing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Manutan International SA as at 30 September 2019 and these financial statements may be obtained from Manutan International S.A., ZAC du Parc des Tulipes, Avenue de 21eme Siècle, 95500 Gonesse, France.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.4 Revenue

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

Sale of goods

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

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

These conditions are satisfied at the point of despatch to the customer and the goods are invoiced on this date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Catalogue costs

The costs of preparing and issuing mail order catalogues are written off in the financial statements when the catalogues are mailed.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	- Life of the lease
Plant & machinery	- 5 years
Fixtures & fittings	- 5 years
Office equipment	- Shorter of 3 years and life of the lease
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

Stock Provision

Monthly monitoring of stock lines is carried out in order to manage slow-moving and obsolete stock. Stock provision is based on the stocked quantity of products held compared to sales volumes of products over the previous 36 months.

Dilapidations

A provision is made towards a dilapidation reserve on the leased building. This provision has been recognised as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period by way of a surveyors report obtained.

The Directors have sought professional advice from an independent surveyor to assist them in determining the potential level of the future expense.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£000	£000
Sale of goods	21,973	22,069

Analysis of turnover by country of destination:

	2019	2018
	£000	£000
United Kingdom	21,678	21,806
Rest of Europe	270	252
Rest of the world	25	12
	<u>21,973</u>	<u>22,070</u>

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

5. Other operating income

	2019	2018
	£000	£000
Net rents receivable	-	4

6. Operating profit

The operating profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets: owned	91	100
Depreciation of tangible fixed assets: held under finance lease	395	395
Exchange differences	(23)	10
Operating lease payments	82	82
Defined contribution pension cost	73	70

7. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	37	36

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

8. Employees

Staff costs were as follows:

	2019	2018
	£000	£000
Wages and salaries	2,699	2,593
Social security costs	250	248
Cost of defined contribution scheme	73	70
	<u>3,022</u>	<u>2,911</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2019	2018
	No.	No.
Sales	24	23
Finance and administration	16	18
Warehousing	30	30
	<u>70</u>	<u>71</u>

9. Directors' remuneration

The Directors and key management split their time between Rapid Racking Limited and Manutan UK Limited. As a result £92k (2018 restated - £105k) of remuneration for Directors was recharged from Manutan UK Limited for services provided.

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £457k (2018 restated - £441k).

10. Interest receivable

	2019	2018
	£000	£000
Other interest receivable	<u>481</u>	<u>472</u>

RAPID RACKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Interest payable and similar expenses

	2019 £000	2018 £000
Finance leases and hire purchase contracts	38	59

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	146	247
	146	247
Total current tax	146	247
Deferred tax		
Origination and reversal of timing differences	80	(12)
Total deferred tax	80	(12)
Taxation on profit on ordinary activities	226	235

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit on ordinary activities before tax	1,717	1,570
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	326	298
Effects of:		
Non-tax deductible expenses	4	6
Capital allowances for year in excess of depreciation	3	2
Adjustments to tax charge in respect of prior periods	(10)	-
Provisions tax adjustment	(89)	5
Group relief claimed not paid	(88)	(87)
Deferred tax	80	(12)
Transfer pricing adjustments	-	23
Total tax charge for the year	226	235

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2019	2018
	£000	£000
Ordinary dividend	763	916

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

14. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Office equipment £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 October 2018	1,525	523	644	602	9	3,303
Additions	23	1	30	-	1	55
Disposals	-	(6)	(28)	-	-	(34)
At 30 September 2019	<u>1,548</u>	<u>518</u>	<u>646</u>	<u>602</u>	<u>10</u>	<u>3,324</u>
Depreciation						
At 1 October 2018	969	496	621	492	9	2,587
Charge for the year on owned assets	398	19	11	58	-	486
Disposals	-	(6)	-	(28)	-	(34)
At 30 September 2019	<u>1,367</u>	<u>509</u>	<u>632</u>	<u>522</u>	<u>9</u>	<u>3,039</u>
Net book value						
At 30 September 2019	<u>181</u>	<u>9</u>	<u>14</u>	<u>80</u>	<u>1</u>	<u>285</u>
At 30 September 2018	<u>556</u>	<u>27</u>	<u>23</u>	<u>110</u>	<u>-</u>	<u>716</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £000	2018 £000
Land and buildings	<u>157</u>	<u>552</u>

15. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	<u>2,402</u>	<u>2,417</u>

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16. Debtors

	2019	2018
	£000	£000
Trade debtors	3,786	2,383
Amounts owed by group undertakings	18,098	17,540
Other debtors	82	23
Prepayments and accrued income	420	219
Deferred taxation	15	95
	<u>22,401</u>	<u>20,260</u>

17. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	<u>3,958</u>	<u>4,872</u>

18. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	1,464	993
Amounts owed to group undertakings	3,025	2,409
Corporation tax	-	138
Other taxation and social security	619	457
Obligations under finance lease and hire purchase contracts	122	336
Other creditors	58	44
Accruals and deferred income	425	691
	<u>5,713</u>	<u>5,068</u>

The Company is party to a cross guarantee in respect of bank borrowings for itself and fellow group companies.

This is by way of a debenture dated 23 December 2010 in favour of HSBC Bank plc, which secures all monies, mortgaging existing and future freehold and leasehold property, all book debts and all assets.

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

19. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Net obligations under finance leases and hire purchase contracts	-	113

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £000	2018 £000
Within one year	122	336
Between 1-5 years	-	113
	<u>122</u>	<u>449</u>

21. Deferred taxation

	2019 £000
At beginning of year	95
Charged to profit or loss	(80)
At end of year	<u>15</u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	15	12
Dilapidation Provision	-	83
	<u>15</u>	<u>95</u>

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

22. Provisions

	Dilapidations £000
At 1 October 2018	479
Provision released under new agreement to lease	(470)
Utilised in year	(9)
At 30 September 2019	-

23. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
679 (2018 - 679) Ordinary shares of £1.00 each	1	1

24. Reserves**Share premium account**

The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital.

Capital redemption reserve

The capital redemption reserve represents the amount required to maintain the nominal share capital on redemption of shares.

Profit & loss account

The retained earnings reserve represents profits retained in previous and the current periods.

25. Pension commitments

The Company contributes to personal pension schemes for the benefit of all employees at rates agreed between the individuals and the Company. The Company pays contributions to the scheme and these are recognised as an expenses in the period they are due. The pension costs amounted to £88k during the year (2018 - £70k). Contributions totalling £39k (2018 - £29k) were payable to the fund at the balance sheet date and included in creditors.

RAPID RACKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

26. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Not later than 1 year	98	98
Later than 1 year and not later than 5 years	55	153
	<u>153</u>	<u>251</u>

27. Finance lease commitments

On 6 August 2019 the Company entered into an agreement for three finance leases relating to the existing premises at Kemble Industrial Park. The leases do not meet the recognition criteria under section 20 of FRS 102 as the commencement date is after the balance sheet date. Minimum lease payments under this agreement total £6,755k over a period of ten years.

28. Related party transactions

As a wholly owned subsidiary undertaking, the Company has taken advantage of the exemption available under section 33 of FRS 102, and has not disclosed transactions with members of, or investees in the Manutan International Group.

29. Post balance sheet events

Since the balance sheet date there has been a global outbreak of a novel strain of coronavirus (COVID-19). On 12 March 2020 the World Health Organisation declared the outbreak a pandemic. Many countries, including the UK have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. The Directors considered the financial impact of this pandemic and have concluded that the matter is a non-adjusting post balance sheet event. See the "Principal Risks and Uncertainties" in the Strategic Report on page 2.

30. Controlling party

Eurostore Holdings Limited is the Company's immediate parent company by virtue of its ownership of the entire share capital of Rapid Racking Limited.

The Directors consider that the ultimate parent undertaking of the Company is Manutan International SA, a company incorporated in France.

The smallest and largest group in which the results of the Company are consolidated is that headed by Manutan International SA, incorporated in France. The consolidated financial statements of this group are available to the public and may be obtained from Manutan International SA, ZAC du Parc des Tulipes, Avenue du 21eme Siecle, 95500 Gonesse, France.