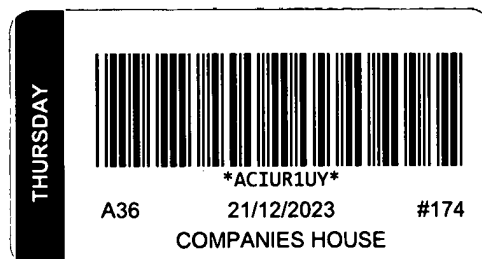


REGISTERED NUMBER: 00863562 (England and Wales)

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 March 2023
for
John Hornby Skewes and Company Limited**



John Hornby Skewes and Company Limited (Registered number: 00863562)

**Contents of the Financial Statements
for the Year Ended 31 March 2023**

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John Hornby Skewes and Company Limited

**Company Information
for the Year Ended 31 March 2023**

DIRECTORS: Mr D J Drumm
Mrs L M Drumm
Mr P Smith
Mr C D Thomson

SECRETARY: Mr C D Thomson

REGISTERED OFFICE: Salem House
Parkinson Approach
Garforth
Leeds
LS25 2HR

REGISTERED NUMBER: 00863562 (England and Wales)

AUDITORS: Kirk Newsholme
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
West Yorkshire
LS15 8GB

John Hornby Skewes and Company Limited (Registered number: 00863562)**Strategic Report
for the Year Ended 31 March 2023**

The directors present their strategic report for the year ended 31 March 2023.

REVIEW OF BUSINESS

The Board during the year ending 31st March 2023 comprised of four Directors, Mr D J Drumm (Executive Chairman), Mrs L M Drumm (Director), Mr P T Smith (Managing Director) and Mr C D Thomson (Financial Director). The board feels that as a family owned and operated Company, continuity of family involvement and the extensive experience this brings is crucial, as is ensuring that the company retains the personal touch which has always been at the heart of its activities and interactions.

Our domestic and international markets have continued to face economic pressures, exacerbated by inflation, macro-economic factors, and geopolitical events, all of which have suppressed demand.

Our customary excellent reputation, products, logistics, and outstanding customer support, our loyal and productive staff all continue to work in our favour, however ultimately the Company's revenues were negatively impacted by domestic and international market conditions, and profitability by events and particularly continuing exceptional costs in the supply chain.

In the year which followed the Pandemic, there remained many challenges, Structural changes made in prior years continue to be developed, with those already made having proven themselves to benefit the Company and its operation.

The Board continues to use its broad specialised knowledge to bring focus to the development and expansion of the business, ensure that strong relationships are maintained with all stakeholders, and continues to actively seek new opportunities.

Key performance indicators

	2023	2022
Gross profit %	25.3%	23.6%
Operating profit margin %	3.36%	3.16%
Quick ratio	1.86	1.58
Current ratio	4.5	3.5

Source data is taken from the audited financial statements.

Notes to KPI's.**Gross profit % = gross profit as a percentage of turnover**

The 1.7% points / (7.2%) increase in Gross profit margin is largely as a result of an easing of unprecedented and unavoidable costs associated with container rates as seen in prior periods, despite a deterioration in GBP strength against USD in the year.

Operating profit % = Operating profit margin % Operating profit as a percentage of turnover

The 0.2% points / (6.3%) increase in Operating profit margin principally reflects an outcome reflective of a well-managed fixed cost structure. Despite the consequential effects surrounding domestic inflation from the commencement of Q3, the Company still achieved an increased OPM compared with the year ended 31 March 2022.

Quick ratio = Debtors + Cash / Current Liabilities

The quick ratio has increased by 0.28 / (17.7%) to 1.86 at 31st March 2023. The Company continues to retain sufficient working capital to satisfy settlement of its current liabilities.

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Strategic Report
for the Year Ended 31 March 2023**

KEY PERFORMANCE INDICATORS CONTINUED

Current ratio = Current assets / Current liabilities

The current ratio has increased by 1.0 / (28.6%) to 4.5 at 31st March 2023.

Despite a diminution in the year end cash position, stock value remains level par with year ended 31 March 2022 coupled with a favourable reduction towards trade debtors, the substantial 29.8% reduction in creditors has resulted in a significant improvement within this liquidity ratio.

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks are considered to be liquidity, foreign exchange volatility and inflation levels.

Liquidity Risk

The risks to liquidity include, but are not exhaustively, unfavourable changes to the Company's receivables and accounts payable position, overstock as a result of un-forecasted reduction in demand and serious diminution in cash flow and the potential non-availability of external finance. The Company retains an excellent working relationship with its bankers and during the year ending 31st March 2023 has operated without external financing.

Currency Risk

To manage risks to core business activities the Company adopts a prudent approach to forex matters, monitoring exchange rates on rolling basis, and employing forex hedging to mitigate against volatility.

Reputational Risk

The Board guards the Company's long established and excellent reputation with care. Rigorous management attention, established and transparent procedures, and thorough quality management systems are in place to protect the Company's reputation.

Inflation and Interest Rates

Inflation, after many years in low single figures, has increased over the past year and at the time of signing these accounts started to slowly drop. Likewise, interest rates which have been at historical lows for a decade or more have begun to rise sharply. Political considerations, international conflicts, unprecedented commodity, and energy price increases, labour market turmoil, pressures flowing from the previous COVID period, general macro-economic factors and Government determination across the world to load environmental costs onto businesses have all combined to seriously erode both trade customer and consumer confidence. Consumer disposable income for spending on non-essential and luxury items is presently severely compromised, trade customers are more cautious than has been observed in recent times, all of which presents significant risk to the Company's domestic and international business.

Operational Risk

The principal operational risks are considered to be continuity of supply chain, ICT and logistics.

The Company has long standing relationships with its vendors and suppliers and is positioned to engage with a broad range of alternatives. Supply chain integrity and logistics risks are mitigated by utilising a range of inward logistics providers and networks both domestically and internationally.

Outward logistics are a volatile aspect of the Company's operations and a significant variable cost. Maintaining reliable and cost-effective relationships with providers adds to the Company's effectiveness and competitiveness.

Continuous investment into robust ICT systems and security, ensures continuity and increase efficiency to business processes

The risks of cyber intrusions and cyber fraud continue to pose a threat to the Company. Risk mitigation includes continuing investment in infrastructure, outsourcing, systems, backups, and disaster recovery.

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Strategic Report
for the Year Ended 31 March 2023**

ON BEHALF OF THE BOARD:

D J Drumm

Yoti eSigned 

Mr D J Drumm - Director

19 December 2023

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Report of the Directors
for the Year Ended 31 March 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of wholesale distribution, importing and exporting musical instruments, accessories and amplification equipment.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

Mr D J Drumm
Mrs L M Drumm
Mr P Smith
Mr C D Thomson

The company has made qualifying third party indemnity provisions for the benefit of certain of its directors and officers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

D J Drumm
Yoti eSigned 

Mr D J Drumm - Director

19 December 2023

**Report of the Independent Auditors to the Members of
John Hornby Skewes and Company Limited (Registered number: 00863562)**

Opinion

We have audited the financial statements of John Hornby Skewes and Company Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
John Hornby Skewes and Company Limited (Registered number: 00863562)**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and sector experience;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation. The company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the financial statements, for instance through the imposition of fines, penalties or litigation such as health and safety, Waste Electrical and Electronic Equipment recycling, packaging laws and employment legislation;

**Report of the Independent Auditors to the Members of
John Hornby Skewes and Company Limited (Registered number: 00863562)**

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

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

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

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

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims;
- Reviewing correspondence with HMRC and relevant regulators websites for notice of any breaches; and
- Review of relevant legal or professional costs within the accounting records for any evidence of previously un-detected or un-reported instances of non-compliance.

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

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

Use of our report

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

Andrew Thomas BA FCA (Senior Statutory Auditor)
for and on behalf of Kirk Newsholme
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
West Yorkshire
LS15 8GB

19 December 2023

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Profit and Loss Account
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
TURNOVER	3	9,185,682	10,214,892
Cost of sales		6,862,085	7,803,167
GROSS PROFIT		2,323,597	2,411,725
Administrative expenses		2,015,042	2,089,145
OPERATING PROFIT	6	308,555	322,580
Interest receivable and similar income	7	-	448
		308,555	323,028
Interest payable and similar expenses	8	14,894	15,905
PROFIT BEFORE TAXATION		293,661	307,123
Tax on profit	9	146,535	(40,500)
PROFIT FOR THE FINANCIAL YEAR		147,126	347,623
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		147,126	347,623

The notes form part of these financial statements

John Hornby Skewes and Company Limited (Registered number: 00863562)

Balance Sheet
31 March 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		993,421		959,415
Tangible assets	11		192,242		176,026
			<u>1,185,663</u>		<u>1,135,441</u>
CURRENT ASSETS					
Stocks	12	3,530,068		3,539,168	
Debtors	13	1,675,108		2,037,119	
Cash at bank and in hand		770,116		916,759	
		<u>5,975,292</u>		<u>6,493,046</u>	
CREDITORS					
Amounts falling due within one year	14	1,315,534		1,872,765	
			<u>4,659,758</u>		<u>4,620,281</u>
NET CURRENT ASSETS					
			<u>5,845,421</u>		<u>5,755,722</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	15		383,060		440,487
			<u>5,462,361</u>		<u>5,315,235</u>
NET ASSETS					
CAPITAL AND RESERVES					
Called up share capital	17		20,000		20,000
Share premium	18		20,000		20,000
Capital redemption reserve	18		5,000		5,000
Retained earnings	18		5,417,361		5,270,235
			<u>5,462,361</u>		<u>5,315,235</u>
SHAREHOLDERS' FUNDS					

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2023 and were signed on its behalf by:

D J Drumm
Yoti eSigned

Mr D J Drumm - Director

The notes form part of these financial statements

John Hornby Skewes and Company Limited (Registered number: 00863562)

Statement of Changes in Equity
for the Year Ended 31 March 2023

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2021	20,000	4,922,612	20,000	5,000	4,967,612
Changes in equity					
Total comprehensive income	-	347,623	-	-	347,623
Balance at 31 March 2022	<u>20,000</u>	<u>5,270,235</u>	<u>20,000</u>	<u>5,000</u>	<u>5,315,235</u>
Changes in equity					
Total comprehensive income	-	147,126	-	-	147,126
Balance at 31 March 2023	<u>20,000</u>	<u>5,417,361</u>	<u>20,000</u>	<u>5,000</u>	<u>5,462,361</u>

The notes form part of these financial statements

John Hornby Skewes and Company Limited (Registered number: 00863562)**Cash Flow Statement
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	23	103,679	(136,161)
Interest paid		(14,894)	(15,905)
Net cash from operating activities		<u>88,785</u>	<u>(152,066)</u>
Cash flows from investing activities			
Payments to acquire Intangible assets		(113,868)	(98,823)
Purchase of tangible fixed assets		(106,324)	(226,066)
Sale of tangible fixed assets		40,500	62,396
Interest received		-	448
Net cash from investing activities		<u>(179,692)</u>	<u>(262,045)</u>
Cash flows from financing activities			
Financial liability repayments		(55,736)	(54,096)
Net cash from financing activities		<u>(55,736)</u>	<u>(54,096)</u>
Decrease in cash and cash equivalents		<u>(146,643)</u>	<u>(468,207)</u>
Cash and cash equivalents at beginning of year	24	916,759	1,384,966
Cash and cash equivalents at end of year	24	<u><u>770,116</u></u>	<u><u>916,759</u></u>

The notes form part of these financial statements

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements
for the Year Ended 31 March 2023**

1. COMPANY INFORMATION

John Hornby Skewes & Company Limited is a company limited by shares, incorporated in England and Wales. Its registered office is given on page 1.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The functional and presentational currency of the company is considered to be pounds sterling.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised on delivery.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Intangible fixed assets

Separately acquired trademarks are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

Licence agreements arising from contracted or other legal rights and representing the right to use and exclusively distribute under a third party trademark are recognised at the present value of contracted future cash flows. This is amortised in equal annual instalments over a period of 10 years which is the estimated useful economic life. Provision is made for any impairment.

Software and website development costs are included at cost and amortised over their estimated useful economic life.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset from the date it is brought into use as follows.

Software and website development costs - 10%-33% straight line

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at purchase cost together with any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Plant and machinery	- 10%-33% on cost
Motor vehicles	- 25% on reducing balance or 33% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal, if the asset were already at an age and in the condition expected at the end of its estimated useful life.

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

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

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

Cost includes the purchase price of materials plus a proportion of freight and duty costs. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Foreign currencies

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

Derivatives, including forward foreign exchange contracts where material, are not basic financial instruments, and are recognised where material to the financial statements. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit or loss account in finance costs or finance income as appropriate.

Operating lease agreements

Rentals applicable to operating leases where substantial all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme and that of directors' personal pension schemes are charged to profit and loss account in the period to which they relate.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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 payments.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments - trade debtors, cash and bank balances, amounts owed by and to related undertakings, accruals and trade creditors.

Trade debtors, cash and bank balances, amounts owed by and to related undertakings, accruals and trade creditors are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Foreign currency contracts are derivative financial instruments. As explained in the foreign currencies accounting policy above they are measured at their fair value. However the fair value of the derivative is only recognised in the financial statements where the amount is material to the financial statements. Where material, gains and losses arising from changes in the fair value of the derivative financial instruments are included in the profit and loss account in the period in which they arise.

Other creditors representing a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Impairment of assets

Assets, are assessed for indicators of impairment at each balance sheet date, if there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets

An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on a individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had impairment not been recognised.

Critical accounting judgements and sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the company's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Net realisable value of stock

The company establishes an impairment provision for stock estimated to realise a lower value than cost. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of stocks and its estimated selling value less costs expected to be incurred to sell the item. The directors also consider the purchase history of the stock items to assess whether the items remain in use.

Recoverability of trade debtors

Overdue trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where an impairment provision is required. When assessing recoverability the directors have considered factors such as the ageing of the debts, past experience of recoverability, and the credit profile of individual customers, as well as subsequent credit notes issued.

Recognition of licence agreements

The asset and corresponding liability (in other creditors) have been measured at the present value of future contracted payments discounted at a market rate of interest for similar debt instruments. In the absence of any comparable debt instruments within the company the directors have referred to equivalent third party debt in order to determine an appropriate discount rate.

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Useful economic lives of tangible and intangible assets

The annual depreciation or amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets for tangible assets.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2023 £	2022 £
Sale of goods	9,185,682	10,214,892
	<u>9,185,682</u>	<u>10,214,892</u>

An analysis of turnover by geographical market is given below:

	2023 £	2022 £
United Kingdom	5,838,050	7,054,546
Europe	2,019,257	1,524,452
The Americas	907,949	785,365
Africa, Asia & Australasia	420,426	850,529
	<u>9,185,682</u>	<u>10,214,892</u>

4. EMPLOYEES AND DIRECTORS

	2023 £	2022 £
Wages and salaries	1,395,292	1,366,856
Social security costs	141,212	140,970
Other pension costs	51,058	49,451
	<u>1,587,562</u>	<u>1,557,277</u>

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

	2023	2022
Administration and distribution staff	<u>46</u>	<u>45</u>

Key management personnel

The key management personnel are considered to be only the directors of the company.

5. DIRECTORS' EMOLUMENTS

	2023 £	2022 £
Directors' remuneration	407,070	459,251
Directors' pension contributions to money purchase schemes	30,632	30,030
	<u>437,702</u>	<u>489,281</u>

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

5. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	<u>143,814</u>	<u>186,597</u>

6. OPERATING PROFIT

The operating loss is stated after changing/(crediting):

	2023	2022
	£	£
Hire of plant and machinery	10,404	14,193
Depreciation - owned assets	48,924	40,241
Loss/(profit) on disposal of fixed assets	684	(9,620)
Amortisation	79,862	70,387
Auditors' remuneration	21,000	20,000
Taxation compliance services	1,680	1,600
Impairment of trade debtors	8,715	89,870
Impairment/(Reversal of impairment) of stock	<u>16,992</u>	<u>(18,944)</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Other Interest	<u>-</u>	<u>448</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank interest	630	-
Interest on financial liability	<u>14,264</u>	<u>15,905</u>
	<u>14,894</u>	<u>15,905</u>

9. TAXATION

Analysis of the tax charge/(credit)

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

	2023	2022
	£	£
Deferred tax	<u>146,535</u>	<u>(40,500)</u>
Tax on profit	<u>146,535</u>	<u>(40,500)</u>

John Hornby Skewes and Company Limited (Registered number: 00863562)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

9. TAXATION - continued

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

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

	2023 £	2022 £
Profit before tax	<u>293,661</u>	<u>307,123</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	55,796	58,353
Effects of:		
Expenses not deductible for tax purposes	2,591	1,775
Movement in unprovided deferred tax	94,950	(94,375)
Super deduction	<u>(6,802)</u>	<u>(6,253)</u>
Total tax charge/(credit)	<u>146,535</u>	<u>(40,500)</u>

An amount of £340,000 (2022 - £261,000) that represents a deferred tax asset has not been recognised in the financial statements, due to the uncertainty surrounding its recoverability. The deferred tax asset not recognised has been calculated at 25% (2022 - 25%).

10. INTANGIBLE FIXED ASSETS

	Trademarks £	Licences £	Computer software £	Totals £
COST				
At 1 April 2022	202,777	602,821	495,785	1,301,383
Additions	-	-	113,868	113,868
Disposals	-	-	(6,975)	(6,975)
At 31 March 2023	<u>202,777</u>	<u>602,821</u>	<u>602,678</u>	<u>1,408,276</u>
AMORTISATION				
At 1 April 2022	182,569	120,564	38,835	341,968
Amortisation for year	2,500	60,282	17,080	79,862
Eliminated on disposal	-	-	(6,975)	(6,975)
At 31 March 2023	<u>185,069</u>	<u>180,846</u>	<u>48,940</u>	<u>414,855</u>
NET BOOK VALUE				
At 31 March 2023	<u>17,708</u>	<u>421,975</u>	<u>553,738</u>	<u>993,421</u>
At 31 March 2022	<u>20,208</u>	<u>482,257</u>	<u>456,950</u>	<u>959,415</u>

Included in cost of computer software is software of £Nil (2022 - £427,612) that is under the course of construction and therefore has not been amortised.

John Hornby Skewes and Company Limited (Registered number: 00863562)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 April 2022	949,994	129,975	1,079,969
Additions	32,462	73,862	106,324
Disposals	(44,186)	(52,000)	(96,186)
At 31 March 2023	<u>938,270</u>	<u>151,837</u>	<u>1,090,107</u>
DEPRECIATION			
At 1 April 2022	871,658	32,285	903,943
Charge for year	26,181	22,743	48,924
Eliminated on disposal	(44,186)	(10,816)	(55,002)
At 31 March 2023	<u>853,653</u>	<u>44,212</u>	<u>897,865</u>
NET BOOK VALUE			
At 31 March 2023	<u>84,617</u>	<u>107,625</u>	<u>192,242</u>
At 31 March 2022	<u>78,336</u>	<u>97,690</u>	<u>176,026</u>

12. STOCKS

	2023 £	2022 £
Finished goods	<u>3,530,068</u>	<u>3,539,168</u>

13. DEBTORS

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,481,484	1,605,897
Amounts owed by related undertakings	-	1,457
Prepayments and accrued income	176,159	265,765
	<u>1,657,643</u>	<u>1,873,119</u>
Amounts falling due after more than one year:		
Deferred tax asset		
Tax losses carried forward	17,465	164,000
	<u>17,465</u>	<u>164,000</u>
Aggregate amounts	<u>1,675,108</u>	<u>2,037,119</u>

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	489,531	1,284,652
Amounts owed to related undertakings	19,864	-
Social security and other taxes	413,440	209,797
Other creditors	57,427	55,736
Accruals and deferred income	335,272	322,580
	<u>1,315,534</u>	<u>1,872,765</u>

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

	2023	2022
	£	£
Other creditors	<u>383,060</u>	<u>440,487</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	169,275	5,227
Between one and five years	813,917	7,405
In more than five years	320,000	-
	<u>1,303,192</u>	<u>12,632</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
80,000	Ordinary	£0.25	<u>20,000</u>	<u>20,000</u>

The company has one class of ordinary share which carries equal voting and dividend distribution rights.

18. RESERVES

Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

The share premium reserve represents amounts paid in excess of the nominal value in exchange for ordinary shares.

The capital redemption reserve represents the value of shares repurchased by the company to reduce its issued share capital.

19. CONTINGENT LIABILITIES

The company has given counter indemnities to HSBC Bank Plc for £35,000 (2022 - £35,000) in respect of money due to HM Revenue & Customs.

John Hornby Skewes and Company Limited (Registered number: 00863562)**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023****20. OTHER FINANCIAL COMMITMENTS**

The company enters into forward foreign currency contracts to mitigate exchange rate risk for certain foreign currency payables. At 31 March 2023 the outstanding contracts all mature within six months of the year end. The company has open contracts to purchase \$1,283,644 (2022 - \$1,800,000) with a fair value liability of £14,364 (2022 - £27,479). This amount has not been included in the financial statements on the grounds of materiality.

21. RELATED PARTY DISCLOSURES

A company under common control

During the year ended 31 March 2023 the company made purchases of £160,000 (2022 - £160,000) to a connected company.

At 31 March 2023 the balance due to the connected company was £19,864 (2022 - debtor of £1,457).

22. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no one individual or entity that has significant control.

23. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Profit before taxation	293,661	307,123
Depreciation charges	48,924	40,241
Loss/(profit) on disposal of fixed assets	684	(9,620)
Amortisation charge	79,862	70,387
Finance costs	14,894	15,905
Finance income	-	(448)
	<u>438,025</u>	<u>423,588</u>
Decrease/(increase) in stocks	9,100	(752,281)
Decrease/(increase) in trade and other debtors	215,476	(228,612)
(Decrease)/increase in trade and other creditors	(558,922)	421,144
Cash generated from operations	<u><u>103,679</u></u>	<u><u>(136,161)</u></u>

24. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	<u>770,116</u>	<u>916,759</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>916,759</u>	<u>1,384,966</u>

John Hornby Skewes and Company Limited (Registered number: 00863562)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	916,759	(146,643)	770,116
	<u>916,759</u>	<u>(146,643)</u>	<u>770,116</u>
Total	<u>916,759</u>	<u>(146,643)</u>	<u>770,116</u>