

PenCarrie Limited

**Annual Report and Financial Statements
Period from 1 January 2022 to 30 December 2022**

Registration number: 03371637

PenCarrie Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10 to 13
Statement of Income and Retained Earnings	14
Balance Sheet	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 31

PenCarrie Limited

Company Information

Directors Nicci Gratwicke
Tony Lock
Sarah Irving
Clare Persey
Mark Greenwood
Gary Stokes

Company secretary Mark Greenwood

Registered office Pencarrie House
South View Estate
Willand
Cullompton
Devon
EX15 2QW

Auditors PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

PenCarrie Limited

Strategic Report for the Period from 1 January 2022 to 30 December 2022

The directors present their strategic report for the period from 1 January 2022 to 30 December 2022.

Principal activity

The principal activity of the company is that of a multi-brand distributorship serving the garment decorating industry with clothing and related products. It differentiates itself from the majority of the competition by the depth and breadth of product offering as well as a higher level of Customer Service and product support.

Continuing to trade with registered trade customers involved in the promotional and corporate garment industries, and online retailers, the company offers an efficient route to market for the brand owners through its marketing and distribution processes.

Fair review of the business

The strong growth highlighted in last year's report continued during 2022. Price inflation was a key driver in this growth reflecting inflationary pressure in the global economy due to post pandemic demand and global energy prices (exacerbated by the war in Ukraine).

The company's key performance indicators are shown below.

Financial KPIs	Unit	2022	2021
Turnover	£'m	120.5	108.3
Gross Profit	£'m	36.9	30.0
Gross Profit %	%	30.6	27.7
EBITDA	£'m	14.7	11.3

The first half of the year was characterised by the business continuing to bounce back strongly from the Covid driven restrictions faced during early 2021, with the level of economic activity significantly higher than the first half of the previous year, particularly in the events, hospitality and corporate areas. The second half of the year became increasingly impacted by the cost of living crisis, in particular the impact on consumers and businesses and the consequent weakening economic indicators. Last year's supply chain pressures which had previously led to product availability issues, improved somewhat during the year as supply and demand re-balanced, allowing the business to improve stock depth and service levels in key areas.

The business remains in a strong position and has recently initiated a strategic review focusing on products and markets; the implementation of which is to focus on further profitable growth in 2024 and beyond.

PenCarrie Limited

Strategic Report for the Period from 1 January 2022 to 30 December 2022

Principal risks and uncertainties

Competition remains strong in our chosen markets and we have reacted to this by constantly trying to improve our offer in particular in terms of service. We continue to invest in improvements to our website but also recognise that the personal service provided by our customer service and business development teams is valued by many of our customers.

Inflation and cost of living

UK inflation indices have continued to climb throughout 2022 which has continued to drive a level of uncertainty in the economy and within the business. We remain focused on mitigating the impact of this uncertainty and are prepared to react to any change in the business environment.

Labour availability

The labour market continued to create recruitment challenges throughout 2022. Despite this, the Company was successful in recruiting to match increased activity levels in the business. We continue to review and benchmark our employee offer and have increased many employee benefits through the year. This activity will continue in 2023 and beyond.

Covid-19

Whilst the vaccine programme and significant easing of restrictions has enabled the economy to recover to pre-pandemic levels, the threat of new variants remains a global health risk that we remain mindful of.

Section 172 statement

Engaging with stakeholders

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us. Working together and considering our stakeholders perspectives in our decision making and planning is crucial in delivering our long-term sustainable success.

The Board and shareholders' focus in 2022 was to continue to grow the business with the support of our employees, customers, and key brands. Whilst the direct impact of the COVID-19 pandemic was less prominent in 2022, the business remained diligent in managing all aspects of health and safety.

The Board has also continued to strengthen its governance framework through the year, and as part of that process has recruited an experienced independent non-Executive Director to provide additional oversight and support to existing Board members. In addition, a detailed review of Information Systems is underway aimed at process improvement and modernisation whilst maintaining or improving cyber security.

PenCarrie Limited

Strategic Report for the Period from 1 January 2022 to 30 December 2022

Employee engagement

We believe in fostering a strong sense of being part of the PenCarrie community among our people and ensuring that their perspectives are heard. Communication with staff takes place formally through a quarterly briefing from the MD which provides an update on company performance in addition to other relevant matters as they arise. These briefings include updates from all business functions aimed at keeping employees up to date with new developments and improving their understanding of business processes. Feedback and questions are encouraged at these briefings.

The business has an active and engaged Staff Forum, which works directly with senior Managers and Directors on staff initiatives, raising funds for the nominated charities, arranging staff events, and providing workplace improvement suggestions. Staff Forum representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Suggestions can also be made using a Suggestion Box allowing for greater anonymity.

There is a monthly Company newsletter and frequent team and departmental meetings also take place. There is a performance review process for all staff.

Of more importance than ever at the moment is the need to support employee wellbeing and the business has continued to provide this resource through our Mental Health First Aid teams and wellbeing support and events through the year. The company also offers team members access to an Employee Assistance Programme.

Disabled employees

The company will always fully consider applications for employment from disabled persons and they will not be disadvantaged by any conditions of employment that cannot be justified necessary on operational grounds. Reasonable adjustments are made wherever possible to support employment and all team members complete Equality, Diversity and Inclusion training. Where an existing employee becomes disabled, every effort is made to ensure that their employment continues through training, workplace and role evaluation, and changes to working hours where appropriate.

The company will not disadvantage disabled persons in provision of training, career development or promotion.

PenCarrie Limited

Strategic Report for the Period from 1 January 2022 to 30 December 2022

External stakeholders

We maintain consistent communication and engagement with our external stakeholders.

The bank is a key stakeholder with whom we engage in regular dialogue and the Board provides the bank with regular financial information.

The effectiveness of the website has allowed us to improve communication with many customers and we continue to support the more traditional ongoing customer relationship management through our sales, customer service and management teams. This enables timely and clear communication including product availability, deliveries and other customer issues.

The Board maintain close relationships with other key business partners. We work openly and collaboratively with brand partners and other suppliers. Brand partner relationships in particular are long standing, and we establish regular dialogue regarding environmental and sustainability progress as well as sourcing and range decisions.

The shareholders and directors are proud to support the local community through sponsorship, funding of community projects and the provision of charitable donations.

Approved and authorised by the Board on 26/9/23 and signed on its behalf by:



Tony Lock
Director

PenCarrie Limited

Directors' Report for the Period from 1 January 2022 to 30 December 2022

The directors present their report and the financial statements for the period from 1 January 2022 to 30 December 2022.

Directors of the company

The directors who held office during the period were as follows:

Nicci Gratwicke

Tony Lock

Sarah Irving

Clare Persey

Mark Greenwood

Gary Stokes (appointed 9 February 2022)

Dividends

Dividends of £2,810,440 were paid during the period.

Financial instruments

Objectives and policies

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

The current financial climate carries the same risk for PenCarrie as for many companies. Apart from the risk of declining demand, the directors are conscious of the risks related to a possible shortage of business finance for customers. For this reason, the company's credit management processes are continually reviewed and, where necessary, tightened.

Liquidity risk

The company finances its operations through a mixture of retained profits, bank and other borrowings. The company's policy is to ensure that, as a minimum, all projected net borrowing needs are covered by committed facilities arranged and approved by the board.

The company utilises forward currency contracts to reduce exposure to foreign exchange rates. In addition, the company operates foreign currency bank accounts to offset the exposure on payables.

Environmental report

Emissions and energy consumption

The assessment has been conducted in accordance with the GHG Protocol Corporate Accounting and Reporting Standard using the Government Conversion Factors for Company Reporting. Emissions reported here comply with the SECR guidelines published by BEIS (2019) and includes consumption and GHG emissions for UK electricity and gas use, as well as road transportation for business travel purposes.

PenCarrie Limited

Directors' Report for the Period from 1 January 2022 to 30 December 2022

Summary of greenhouse gas emissions and energy consumption for the period from 1 January 2022 to 30 December 2022:

Data	Unit of measurement	2022	2021
Energy consumption used to calculate emissions - Gas	kWh	1,022,111	1,178,921
Energy consumption used to calculate emissions - Electricity	kWh	896,400	965,056
Energy consumption used to calculate emissions - Transport	kWh	340,235	249,379
Energy consumption used to calculate emissions - Total	kWh	2,258,745	2,393,355
Emissions from combustion of gas	tCO ₂ e	188	215
Emissions from combustion of fuel for transport purposes	tCO ₂ e	24	23
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	tCO ₂ e	60	38
Emissions from purchased electricity	tCO ₂ e	173	205
Total gross CO ₂ e	tCO ₂ e	446	481
Turnover	£m	120.5	108.3
Intensity ratio	tCO ₂ e/£1m	<u>3.7</u>	<u>4.5</u>

PenCarrie is committed to reducing its carbon emissions wherever possible. As shown above, total emissions have reduced in 2022 compared to 2021. Whilst the underlying business growth referenced in this report has driven increased transport emissions, we are pleased to be able to demonstrate that the continued focus on improving our energy efficiency across the business has resulted in an 18% reduction in our intensity ratio, defined as tonnes of CO₂ emissions as a percentage of Turnover.

Key Activities undertaken during 2022 to support that efficiency were:

- Continued rollout of electrical energy reduction programme including; retrofitting more zones on the main site with LED lighting; fitting timed motion sensors where practical; smart controls on AC and Heating systems
- Full year benefit from additional solar PV array installed at the end of 2021
- Introduction of an Electrical Vehicle lease scheme for senior managers, encouraging replacement of fuel vehicles
- Continuing to replace sales team fuel company cars with hybrid vehicles.
- Ongoing review of plastic use in warehouse to set usage reduction targets.

Future planned initiatives include the following:

- Exploring potential to install additional solar PV arrays.
- Research into commercial battery storage
- Exploring options for complete energy 'power down' of unoccupied zones outside of core hours
- Improved heating control across the sites
- Continuing review of plastic use in warehouse to set usage reduction targets.
- Company provided vehicles will be replaced with the Hybrid/EV as appropriate when leases are reviewed

PenCarrie Limited

Directors' Report for the Period from 1 January 2022 to 30 December 2022

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 26/9/23 and signed on its behalf by:



.....
Tony Lock
Director

PenCarrie Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

PenCarrie Limited

Independent Auditor's Report to the Members of PenCarrie Limited

Opinion

We have audited the financial statements of PenCarrie Limited (the 'company') for the period from 1 January 2022 to 30 December 2022, which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the 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 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.

PenCarrie Limited

Independent Auditor's Report to the Members of PenCarrie Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

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

PenCarrie Limited

Independent Auditor's Report to the Members of PenCarrie Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety regulations and breaches of The General Data Protection Regulation ("GDPR"). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006, and relevant tax legislation. We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- Enquiries to members of Senior Management, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
- Review of any health and safety incidents which have been reported under The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR") during the period;
- Review of the company's controls in relation to GDPR and enquiries to Senior Management as to the occurrence and outcome of any reportable breaches;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Evaluation of the design and testing the implementation of management's key controls designed to prevent and detect irregularities;
- Testing the recognition of revenue and costs, in particular around the year end date;
- Reviewing draft tax computations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

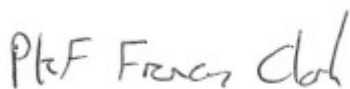
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

PenCarrie Limited

Independent Auditor's Report to the Members of PenCarrie Limited

Use of our report

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



Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 28 / 09 / 2023

PenCarrie Limited

Statement of Income and Retained Earnings

Period from 1 January 2022 to 30 December 2022

	Note	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Turnover	3	120,492,171	108,271,986
Cost of sales		<u>(83,585,534)</u>	<u>(78,321,317)</u>
Gross profit		36,906,637	29,950,669
Distribution costs		(12,017,317)	(11,096,829)
Administrative expenses		(12,172,748)	(9,099,322)
Other operating income	4	<u>-</u>	<u>58,168</u>
Operating profit	5	12,716,572	9,812,686
Interest payable and similar charges	9	<u>(165,518)</u>	<u>(98,405)</u>
Profit before tax		12,551,054	9,714,281
Taxation	10	<u>(2,721,154)</u>	<u>(1,327,321)</u>
Profit for the financial period		9,829,900	8,386,960
Retained earnings brought forward		39,579,364	34,295,404
Dividends paid		<u>(2,810,440)</u>	<u>(3,103,000)</u>
Retained earnings carried forward		<u>46,598,824</u>	<u>39,579,364</u>

The notes on pages 17 to 31 form an integral part of these financial statements.


PenCarrie Limited

Balance Sheet

30 December 2022

	Note	30 Dec 2022 £	31 Dec 2021 £
Fixed assets			
Intangible assets	11	979,212	1,444,049
Tangible assets	12	<u>3,253,779</u>	<u>4,154,276</u>
		<u>4,232,991</u>	<u>5,598,325</u>
Current assets			
Stocks	13	36,841,266	27,371,487
Debtors	14	20,068,810	20,937,249
Cash at bank and in hand		<u>134,223</u>	<u>707,171</u>
		57,044,299	49,015,907
Creditors: Amounts falling due within one year	16	<u>(12,943,662)</u>	<u>(13,092,122)</u>
Net current assets		<u>44,100,637</u>	<u>35,923,785</u>
Total assets less current liabilities		48,333,628	41,522,110
Creditors: Amounts falling due after more than one year	16	(894,308)	(1,343,101)
Provisions for liabilities	19	<u>(835,496)</u>	<u>(594,645)</u>
Net assets		<u>46,603,824</u>	<u>39,584,364</u>
Capital and reserves			
Called up share capital		5,000	5,000
Profit and loss account		<u>46,598,824</u>	<u>39,579,364</u>
Shareholders' funds		<u>46,603,824</u>	<u>39,584,364</u>

Approved and authorised by the Board on 26/9/23 and signed on its behalf by:


Tony Lock
Director

Company Registration Number: 03371637

PenCarrie Limited

Statement of Cash Flows

Period from 1 January 2022 to 30 December 2022

		52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Cash flows from operating activities			
Profit for the period		9,829,900	8,386,960
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	2,039,285	1,488,514
Finance costs	9	165,518	98,405
Tax expense	10	2,721,154	1,327,321
		<u>14,755,857</u>	<u>11,301,200</u>
Working capital adjustments			
Increase in stocks	13	(9,469,779)	(3,537,973)
Decrease/(increase) in trade debtors	14	699,439	(4,964,668)
Increase/(decrease) in trade creditors	16	2,020,631	(751,692)
Increase in provisions	19	39,851	30,534
Cash generated from operations		8,045,999	2,077,401
Taxes paid	10	<u>(1,685,565)</u>	<u>(1,400,000)</u>
Net cash flow from operating activities		<u>6,360,434</u>	<u>677,401</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(557,241)	(1,255,845)
Acquisition of intangible assets	11	<u>(116,710)</u>	<u>(328,591)</u>
Net cash flows from investing activities		<u>(673,951)</u>	<u>(1,584,436)</u>
Cash flows from financing activities			
Interest paid	9	(165,518)	(98,405)
Payments (to)/from finance lease creditors		(437,004)	(425,525)
Dividends paid	21	<u>(2,810,440)</u>	<u>(3,103,000)</u>
Net cash flows from financing activities		<u>(3,412,962)</u>	<u>(3,626,930)</u>
Net increase/(decrease) in cash and cash equivalents		2,273,521	(4,533,965)
Cash and cash equivalents at 1 January		<u>(3,641,881)</u>	<u>892,084</u>
Cash and cash equivalents at 30 December		<u><u>(1,368,360)</u></u>	<u><u>(3,641,881)</u></u>

The notes on pages 17 to 31 form an integral part of these financial statements.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

1 General information

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

The address of its registered office is:

Pencarrie House
South View Estate
Willand
Cullompton
Devon
EX15 2QW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There are no material departures from FRS102.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The functional currency of PenCarrie Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

Going concern

Taking into account all available information to date, including the results, cash position, strength of the balance sheet and future trading forecasts across the next 12 months, the board of directors have assessed the ability of the company to continue as a going concern, and consider the going concern assumption is appropriate when preparing its financial statements.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

Judgements

Stock impairment losses - These occur when the ultimate selling price of stock items is less than the net cost. In arriving at this impairment loss, judgements and estimates have been used to assess the anticipated future selling prices of stocks held at the reporting date, particularly in respect of slow-moving and non-current stock items.

Key sources of estimation uncertainty

Dilapidations provision - Under the terms of its property leases the company has obligations to make good property dilapidations that arise throughout the term of those leases. In arriving at this provision, judgements and estimates have been used to assess the expected level of such costs.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for the sale of goods supplied and services rendered net of discounts and value added tax.

Revenue from the sale of goods is recognised when the risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Government grants

Government grants in respect of the Coronavirus Job Retention Scheme are recognised in the month to which the associated expense relates. Such income is included within Other operating income.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

Asset class	Amortisation method and rate
Goodwill	20% pa straight line
Website construction costs	33.3% pa straight line

Tangible assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Short leasehold property	Straight line over the life of the lease
Plant and machinery	20% pa straight line
Fittings, fixtures and equipment	20% pa straight line
Motor vehicles	25% pa straight line
Computers and related equipment	33.3% pa straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

Defined contribution pension obligation

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

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

Financial instruments

Classification

The company holds the following financial instruments that are classified as basic:

- Short term trade and other debtors and creditors; and
- Cash and bank balances.

In addition, the company also has foreign exchange contracts that are not classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

The company uses forward currency contracts to reduce exposure to foreign exchange rates and to apply a level of certainty to amounts being paid for goods and services. Derivatives are initially recognised at fair value on the date the derivatives are entered into and are subsequently revalued to the fair value at the period end. Changes in the fair value of derivatives are recognised in the income statement under the most appropriate heading. The fair value of forward currency contracts is calculated by reference to comparable contracts with similar maturity profiles.

3 Turnover

Turnover represents the sale of promotional products and related support services to business customers and, to a smaller extent, suppliers of product, which the company represents.

The whole of turnover is attributable to the principal activity of the company. Although mostly undertaken in the UK there is also an element of export trading both within the rest of Europe and beyond. No analysis of such amounts is given due to this being considered commercially sensitive information.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Government grants	-	58,168

5 Operating profit

Arrived at after charging/(crediting)

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Depreciation expense	1,457,738	1,215,897
Amortisation expense	581,547	272,617
Foreign exchange losses/(gains)	74,536	(10,687)
Operating lease expense - plant and machinery	108,560	87,783
Operating lease expense - other	1,115,232	991,063

6 Staff costs

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

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Wages and salaries	10,344,773	9,719,329
Social security costs	1,141,140	1,001,742
Pension costs, defined contribution scheme	263,009	484,091

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	52 weeks ended 30 Dec 2022 No.	53 weeks ended 31 Dec 2021 No.
Directors	6	5
Warehouse & despatch	171	175
Customer service & administration	119	110
	<u>296</u>	<u>290</u>

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Remuneration	1,144,131	931,181
Contributions paid to money purchase schemes	6,789	9,679
	<u>1,150,920</u>	<u>940,860</u>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	52 weeks ended 30 Dec 2022 No.	53 weeks ended 31 Dec 2021 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>5</u>

In respect of the highest paid director:

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Remuneration	<u>745,273</u>	<u>586,516</u>

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

8 Auditor's remuneration

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Audit of the financial statements	<u>38,000</u>	<u>35,000</u>

9 Interest payable and similar expenses

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Interest on bank overdrafts and borrowings	121,606	44,642
Interest on obligations under finance leases and hire purchase contracts	42,127	53,361
Interest expense on other finance liabilities	<u>1,785</u>	<u>402</u>
	<u>165,518</u>	<u>98,405</u>

10 Taxation

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

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Current taxation		
UK corporation tax	2,404,000	1,654,000
UK corporation tax adjustment to prior periods	<u>(52,846)</u>	<u>(18,246)</u>
	2,351,154	1,635,754
Deferred taxation		
Arising from origination and reversal of timing differences	<u>370,000</u>	<u>(308,433)</u>
Tax expense in the income statement	<u>2,721,154</u>	<u>1,327,321</u>

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	52 weeks ended 30 Dec 2022 £	53 weeks ended 31 Dec 2021 £
Profit before tax	<u>12,551,054</u>	<u>9,714,281</u>
Corporation tax at standard rate	2,384,700	1,845,713
Effect of expense not deductible in determining taxable profit	7,423	3,107
Deferred tax credit relating to changes in tax rates or laws	(32,002)	(40,454)
Increase/(decrease) from adjustment for prior periods	443,864	(357,348)
Tax decrease from other short-term timing differences	(15,017)	(48,108)
Tax decrease arising from group relief	(75,023)	(74,858)
Other tax effects for reconciliation between accounting profit and tax expense	<u>7,209</u>	<u>(731)</u>
Total tax charge	<u><u>2,721,154</u></u>	<u><u>1,327,321</u></u>
Deferred tax		Liability
Deferred tax assets and liabilities		£
2022		£
Accelerated capital allowances		<u>201,000</u>
		<u><u>201,000</u></u>
2021		Asset
Accelerated capital allowances		<u>169,000</u>
		<u><u>169,000</u></u>

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

11 Intangible assets

	Goodwill £	Website £	Total £
Cost or valuation			
At 1 January 2022	579,996	1,716,664	2,296,660
Additions acquired separately	-	116,710	116,710
At 30 December 2022	<u>579,996</u>	<u>1,833,374</u>	<u>2,413,370</u>
Amortisation			
At 1 January 2022	579,994	272,617	852,611
Amortisation charge	-	581,547	581,547
At 30 December 2022	<u>579,994</u>	<u>854,164</u>	<u>1,434,158</u>
Carrying amount			
At 30 December 2022	<u>2</u>	<u>979,210</u>	<u>979,212</u>
At 31 December 2021	<u>2</u>	<u>1,444,047</u>	<u>1,444,049</u>

12 Tangible assets

	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Computers and related equipment £	Total £
Cost or valuation						
At 1 January 2022	226,959	5,129,344	3,793,495	91,930	1,814,783	11,056,511
Additions	-	28,505	417,375	-	111,361	557,241
At 30 December 2022	<u>226,959</u>	<u>5,157,849</u>	<u>4,210,870</u>	<u>91,930</u>	<u>1,926,144</u>	<u>11,613,752</u>
Depreciation						
At 1 January 2022	131,129	2,598,441	2,664,283	71,013	1,437,369	6,902,235
Charge for the period	15,368	740,003	430,915	13,542	257,910	1,457,738
At 30 December 2022	<u>146,497</u>	<u>3,338,444</u>	<u>3,095,198</u>	<u>84,555</u>	<u>1,695,279</u>	<u>8,359,973</u>
Carrying amount						
At 30 December 2022	<u>80,462</u>	<u>1,819,405</u>	<u>1,115,672</u>	<u>7,375</u>	<u>230,865</u>	<u>3,253,779</u>
At 31 December 2021	<u>95,830</u>	<u>2,530,903</u>	<u>1,129,212</u>	<u>20,917</u>	<u>377,414</u>	<u>4,154,276</u>

Included within the net book value of £3,253,779 (2021: £4,154,276) is £1,415,020 (2021: £1,947,023) relating to assets held under finance leases and similar hire purchase contracts.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

13 Stocks

	30 Dec 2022	31 Dec 2021
	£	£
Finished goods and goods for resale	<u>36,841,266</u>	<u>27,371,487</u>

14 Debtors

	30 Dec 2022	31 Dec 2021
	£	£
Trade debtors	18,551,044	20,041,537
Other debtors	36,962	1,602
Prepayments and accrued income	1,480,804	725,110
Deferred tax assets	10 -	169,000
	<u>20,068,810</u>	<u>20,937,249</u>

15 Cash and cash equivalents

	30 Dec 2022	31 Dec 2021
	£	£
Cash at bank	134,223	707,171
Bank overdrafts	<u>(1,502,583)</u>	<u>(4,349,052)</u>
Cash and cash equivalents in statement of cash flows	<u>(1,368,360)</u>	<u>(3,641,881)</u>

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

16 Creditors

	Note	30 Dec 2022 £	31 Dec 2021 £
Due within one year			
Loans and borrowings	17	1,951,376	4,786,056
Trade creditors		5,559,033	3,858,559
Amounts due to group undertakings		-	55,010
Corporation tax	10	1,241,447	575,858
Social security and other taxes		1,706,114	1,785,147
Other creditors		310,890	60,905
Accruals		2,174,802	1,970,587
		<u>12,943,662</u>	<u>13,092,122</u>
Due after one year			
Loans and borrowings	17	<u>894,308</u>	<u>1,343,101</u>

17 Loans and borrowings

	30 Dec 2022 £	31 Dec 2021 £
Non-current loans and borrowings		
Hire purchase contracts	<u>894,308</u>	<u>1,343,101</u>

	30 Dec 2022 £	31 Dec 2021 £
Current loans and borrowings		
Bank overdrafts	1,502,583	4,349,052
Hire purchase contracts	<u>448,793</u>	<u>437,004</u>
	<u>1,951,376</u>	<u>4,786,056</u>

Bank advances received against agreed Sales Invoice Finance facilities are secured against combined assets of the group and are subject to a formal registered charge.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

18 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	30 Dec 2022	31 Dec 2021
	£	£
Not later than one year	448,793	437,004
Later than one year and not later than five years	894,308	1,343,101
	<u>1,343,101</u>	<u>1,780,105</u>

Operating leases

The total of future minimum lease payments is as follows:

	30 Dec 2022	31 Dec 2021
	£	£
Not later than one year	1,095,074	968,323
Later than one year and not later than five years	3,779,976	3,589,150
Later than five years	221,357	1,106,785
	<u>5,096,407</u>	<u>5,664,258</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £1,223,792 (2021 - £1,078,846).

19 Provisions for liabilities

	Deferred tax	Dilapidations and repairs	Total
	£	£	£
At 1 January 2022	-	594,645	594,645
Increase (decrease) in existing provisions	201,000	39,851	240,851
At 30 December 2022	<u>201,000</u>	<u>634,496</u>	<u>835,496</u>

A provision is being recognised for the costs of making good dilapidations on leasehold properties.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

20 Share capital

Allotted, called up and fully paid shares

	30 Dec 2022		31 Dec 2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

21 Dividends

Interim dividends paid

	30 Dec 2022	31 Dec 2021
	£	£
Interim dividend of £562.09 (2021 - £620.60) per each Ordinary share	<u>2,810,440</u>	<u>3,103,000</u>

22 Financial guarantee contracts

At the balance sheet date the company was a guarantor for the bank borrowings of all companies in the group.

The amount guaranteed as at the balance sheet date is £9,000,000.

23 Parent and ultimate parent undertaking

The company's immediate parent until 25 May 2022 was PenCarrie Group Limited, incorporated in England and Wales.

The company's ultimate, and from 25 May 2022 immediate, parent is PenCarrie Holdings Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is PenCarrie Holdings Limited. PenCarrie Holdings Limited is the parent of the smallest and largest group in which these financial statements are consolidated. The PenCarrie Holdings Limited financial statements are available upon request from Companies House

The ultimate controlling party is Nicci Gratwicke.

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

24 Analysis of changes in net debt

	At 1 January 2022 £	Cash flows £	At 30 December 2022 £
Cash and cash equivalents			
Cash	707,171	(572,948)	134,223
Overdrafts	<u>(4,349,052)</u>	<u>2,846,469</u>	<u>(1,502,583)</u>
	(3,641,881)	2,273,521	(1,368,360)
Borrowings			
Lease liabilities	<u>(1,780,105)</u>	<u>437,004</u>	<u>(1,343,101)</u>
	<u>(5,421,986)</u>	<u>2,710,525</u>	<u>(2,711,461)</u>

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £263,009 (2021 - £484,091).

26 Related party transactions

Income and receivables from related parties

	Entities with joint control or significant influence £
2022	
Sale of goods	35,843
Amounts receivable from related party	<u>1,311,063</u>
	<u>1,346,906</u>
2021	
Sale of goods	84,780
Amounts receivable from related party	<u>5,814</u>
	<u>84,780</u>

PenCarrie Limited

Notes to the Financial Statements

Period from 1 January 2022 to 30 December 2022

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2022	
Purchase of goods	34,569,700
Amounts payable to related party	<u>47,767</u>
	Entities with joint control or significant influence £
2021	
Purchase of goods	25,454,040
Amounts payable to related party	<u>932,362</u>