

**Strategic Report, Report of the Director and
Audited Financial Statements for the Year Ended 31 December 2020
for
Unipet International Limited**

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for the Year Ended 31 December 2020**

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Unipet International Limited

Company Information
for the Year Ended 31 December 2020

DIRECTOR: A L Ball Esq

REGISTERED OFFICE: Unit L
Tribune Drive
Trinity Trading Estate
Sittingbourne
Kent
ME10 2PG

REGISTERED NUMBER: 02823576 (England and Wales)

AUDITORS: McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

**Strategic Report
for the Year Ended 31 December 2020**

The director presents his strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The company's principal activities during the period continued to be the manufacture, distribution and selling of wild bird food products.

BUSINESS REVIEW AND KEY FINANCIAL PERFORMANCE INDICATORS

The company has seen revenues shrink by 3.28% in 2020 from £14.1m to £13.7m. The reduction is in the most part due to the restriction in output as a result of the Coronavirus pandemic whereby for several weeks some or all of the company's staff were furloughed under the government's Coronavirus Job Retention Scheme. During this time management assessed the product offering to its customer base and made some significant changes to its product range. By simplifying the variety of products it made and by standardising the ordering process the company was able to produce in a more productive and cost effective manner. This enabled the company to achieve significantly improved margins on a lower turnover, resulting in better profits. Net profit (before tax) has risen to 14.1% in 2020 from 5.5% in 2019. The director is pleased with the way in which the business traded throughout the year and has made further significant investments in capital equipment to enable it to continue on the same path. Margins will continue to be monitored and strategic business decisions made based on the ongoing business performance, particularly in the light of significantly increasing raw material costs since the balance sheet date.

	2020		2019	Change
Turnover	£13,690,663		£14,154,249	-3.28%
Gross profit %	31.91	%	24.55%	+7.36%
Operating profit	£2,280,037		£843,430	+170.32%
ROCE	1.81		1.21	+0.60%
Current ratio	0.93		0.90	+0.03%

The company has sufficient funding in place at the year end to enable the continued investment in technology, key personnel and product development and meet the ongoing commitments of its parent company.

The director and his senior management team are continuing to analyse the customer and product profile and are looking at implementing changes to strengthen the business's position for the coming year and years to come.

PRINCIPAL RISKS AND UNCERTAINTIES

No specific risks facing the company have been identified although there are general business risks that the director and his team are aware of. These principal risks and uncertainties facing the company are broadly grouped as; competitive, financial and credit and interest risk.

Competitive Risks

In the UK the company competes against a relatively small number of major competitors. The company is required to compete for business across a number of key areas including, price, quality and service. Unipet has invested heavily in infrastructure and key personnel to support the director which it believes gives it the resources it needs to meet the challenges faced by its competitors in the market.

**Strategic Report
for the Year Ended 31 December 2020**

Financial Risks

The company has established a risk and financial management process whose primary objective is to protect the company from events that hinder the achievement of the company's performance objectives.

The company monitors exchange rate risk and works closely with customers and suppliers to manage credit terms to ensure successful liquidity management. The company insures the vast majority of its debts so as to limit exposure to non recoveries.

Credit and Interest Risk

The company undertook a restructure in January 2019 and as a result has an indirect borrowing commitment through its holding company, Unipet Holdings Ltd. Stringent financial due diligence processes were undertaken prior to the transaction taking place and the company has serviced this debt without issue, despite the pandemic. The director has no concerns over the ongoing commitment to this debt and is in fact seeking to repay this debt early.

Any additional finance agreements are entered into on interest free or fixed interest rate terms where possible to avoid any unnecessary exposure to market forces.

Brexit

The company has considered the risks and uncertainties around the UK's exit from the EU and feels its exposure to any subsequent changes in legislation can be suitably managed through the management of its supply chain, its effective communication to third parties and the leadership skills of its director and senior management team.

CoronaVirus and Going Concern

During the year and at the time of this report the country and indeed the world continues to face challenges due to the Covid-19 virus. The impact on businesses and society continue to change from day to day but with the mass vaccination program being undertaken both in the UK and throughout the globe, the company believes that the impact of Coronavirus will continue to subside. At the time of this report the UK government has laid out a plan to release the country from its lockdown and the early indicators are that the country will see a resurgence in activity which will only strengthen the position of the company, and there is no uncertainty regarding going concern.

ON BEHALF OF THE BOARD:

A L Ball Esq - Director

20 April 2021

**Report of the Director
for the Year Ended 31 December 2020**

The director presents his report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture, distribution and selling of wild bird and pet food products.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 was £1,251,000 (2019 - £815,000).

DIRECTORS

A L Ball Esq has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

L Rouse Esq - resigned 1 October 2020

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A L Ball Esq - Director

20 April 2021

Report of the Independent Auditors to the Members of Unipet International Limited

Opinion

We have audited the financial statements of Unipet International Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2020 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 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 financial statements are authorised for issue.

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

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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 Director 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 Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Unipet International Limited

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 Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the laws and regulations applicable to the company and the industry in which it operates, and considered the risks of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and a review of audit findings performed by major customers and Trading Standards.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the director that represented a risk of material misstatement due to fraud.

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.

**Report of the Independent Auditors to the Members of
Unipet International 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 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.

B W Wright FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

20 April 2021

**Income Statement
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
TURNOVER	3	13,690,663	14,154,249
Cost of sales		<u>9,322,286</u>	<u>10,679,484</u>
GROSS PROFIT		4,368,377	3,474,765
Administrative expenses		<u>2,216,102</u>	<u>2,631,335</u>
		2,152,275	843,430
Other operating income		<u>127,762</u>	<u>-</u>
OPERATING PROFIT	5	2,280,037	843,430
Loan write off	6	<u>311,378</u>	<u>-</u>
		1,968,659	843,430
Interest receivable and similar income		<u>14</u>	<u>4</u>
		1,968,673	843,434
Interest payable and similar expenses	7	<u>39,636</u>	<u>62,765</u>
PROFIT BEFORE TAXATION		1,929,037	780,669
Tax on profit	8	<u>435,636</u>	<u>159,637</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,493,401</u>	<u>621,032</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		1,493,401	621,032
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,493,401</u>	<u>621,032</u>

The notes form part of these financial statements

Balance Sheet
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	10		1,262,633		1,033,228
CURRENT ASSETS					
Stocks	11	752,419		803,643	
Debtors	12	1,629,651		2,195,541	
Cash at bank and in hand		<u>87,176</u>		<u>2,921</u>	
		2,469,246		3,002,105	
CREDITORS					
Amounts falling due within one year	13	<u>2,649,397</u>		<u>3,344,573</u>	
NET CURRENT LIABILITIES			<u>(180,151)</u>		<u>(342,468)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,082,482		690,760
CREDITORS					
Amounts falling due after more than one year	14		(134,400)		(52,579)
PROVISIONS FOR LIABILITIES	18		<u>(186,000)</u>		<u>(118,500)</u>
NET ASSETS			<u>762,082</u>		<u>519,681</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,000		2,000
Share premium	20		99,000		99,000
Retained earnings	20		<u>661,082</u>		<u>418,681</u>
SHAREHOLDERS' FUNDS			<u>762,082</u>		<u>519,681</u>

The financial statements were approved by the director and authorised for issue on 20 April 2021 and were signed by:

A L Ball Esq - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	2,000	612,649	99,000	713,649
Changes in equity				
Dividends	-	(815,000)	-	(815,000)
Total comprehensive income	-	621,032	-	621,032
Balance at 31 December 2019	<u>2,000</u>	<u>418,681</u>	<u>99,000</u>	<u>519,681</u>
Changes in equity				
Dividends	-	(1,251,000)	-	(1,251,000)
Total comprehensive income	-	1,493,401	-	1,493,401
Balance at 31 December 2020	<u>2,000</u>	<u>661,082</u>	<u>99,000</u>	<u>762,082</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Unipet International Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

Unipet Holdings Limited is the parent of the group in whose consolidated financial statements the financial statements of Unipet International Limited are consolidated. The financial statements of Unipet Holdings Limited are available at Companies House.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Depreciation and residual values

As detailed under the tangible fixed assets policy, the assets residual values, useful lives and depreciation methods are reviewed, and adjusted accordingly if appropriate or if there is an indication of a significant change since the last reporting date.

Stock valuation

Included within the finished goods stock valuation is a calculated value of attributable overhead.

This calculation is reviewed each year and relates to a proportion of certain fixed and variable production overhead. The labour element of the stock valuation is calculated based on machine speeds and man hours.

Going concern

The financial statements have been prepared on a going concern basis. This basis is considered to be appropriate, despite the fact that at the balance sheet date current liabilities exceeded current assets. Based on budgets and forecasts prepared by the director, the company is able to meet this shortfall and has the ongoing support of its bankers.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- written off over the life of the lease
Plant and machinery	- 20% on a reducing balance basis
Fixtures and fittings	- 33.3% on a straight line basis and 15% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis

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

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

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

Government grants

Coronavirus Job Retention Scheme (CJRS)

The company has furloughed staff during the Covid-19 pandemic and made claims for government furlough grants. The grants are recognised on an accruals basis, matched in the period against the staff costs that they relate to, and recorded as grant income in the statement of comprehensive income.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure, and an appropriate proportion of fixed and variable production overheads in respect of finished goods.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors, loans from banks and other third parties and loans to related parties.

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

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

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. Research and development tax credits are accounted for upon receipt.

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Invoice financing

A separate presentation is adopted in respect of trade debtor balances subject to a debt finance arrangement. Finance is raised against certain sales invoices for which charges are made. The amounts advanced are secured against the trade debtors until paid and the total advance outstanding at the year end is included under creditors due within one year. The finance costs are charged as an expense in the statement of comprehensive income.

Debtors

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

Creditors

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

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at the reporting date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. **TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	13,026,109	13,300,400
Europe	633,817	753,605
Rest of World	30,737	100,244
	<u>13,690,663</u>	<u>14,154,249</u>

4. **EMPLOYEES AND DIRECTORS**

	2020 £	2019 £
Wages and salaries	2,028,910	2,000,932
Social security costs	202,745	204,180
Other pension costs	97,656	88,216
	<u>2,329,311</u>	<u>2,293,328</u>

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

	2020	2019
Management and administration	17	20
Production	<u>57</u>	<u>49</u>
	<u>74</u>	<u>69</u>

	2020 £	2019 £
Directors' remuneration	239,620	385,992
Directors' pension contributions to money purchase schemes	<u>16,466</u>	<u>15,289</u>

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:

	2020 £	2019 £
Emoluments etc	182,347	310,410
Pension contributions to money purchase schemes	<u>10,000</u>	<u>6,667</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	38,306	40,782
Depreciation - owned assets	237,527	218,428
Depreciation - assets on hire purchase contracts	-	40,399
Loss/(profit) on disposal of fixed assets	18,887	(795)
Auditors' remuneration	13,500	12,382
Exchange rate (gains)/losses	16,397	20,303
Operating leases - land and buildings	<u>305,735</u>	<u>289,480</u>

6. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Loan write off	<u>(311,378)</u>	<u>-</u>

Exceptional items represent the write off of a loan to Unipet USA LLC. The loan was originally made when the borrower was a related party but following the restructure of the Unipet Group the debt is now considered irrecoverable.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	5,673	6,490
Factoring interest	28,191	46,385
Other bank loan interest	32	49
Other interest	226	1,439
Hire purchase	<u>5,514</u>	<u>8,402</u>
	<u>39,636</u>	<u>62,765</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	391,740	182,137
Adjustment to previous years' provision (see below)	<u>(23,604)</u>	<u>-</u>
Total current tax	<u>368,136</u>	<u>182,137</u>
Deferred tax	<u>67,500</u>	<u>(22,500)</u>
Tax on profit	<u>435,636</u>	<u>159,637</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

8. TAXATION - continued**Reconciliation of total tax charge 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:

	2020 £	2019 £
Profit before tax	<u>1,929,037</u>	<u>780,669</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	366,517	148,327
Effects of:		
Expenses not deductible for tax purposes	62,757	7,708
Income not taxable for tax purposes	(215)	(151)
Capital allowances in excess of depreciation	(37,319)	-
Depreciation in excess of capital allowances	-	26,253
Research & Development tax credits	(23,604)	-
Deferred tax (credit) / charge	<u>67,500</u>	<u>(22,500)</u>
Total tax charge	<u>435,636</u>	<u>159,637</u>

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>1,251,000</u>	<u>815,000</u>

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2020	105,138	3,570,264	67,028	181,315	3,923,745
Additions	44,220	516,380	1,969	-	562,569
Disposals	-	(157,085)	(344)	(181,315)	(338,744)
At 31 December 2020	<u>149,358</u>	<u>3,929,559</u>	<u>68,653</u>	<u>-</u>	<u>4,147,570</u>
DEPRECIATION					
At 1 January 2020	105,138	2,660,310	43,404	81,665	2,890,517
Charge for year	3,804	208,061	9,671	15,991	237,527
Eliminated on disposal	-	(145,107)	(344)	(97,656)	(243,107)
At 31 December 2020	<u>108,942</u>	<u>2,723,264</u>	<u>52,731</u>	<u>-</u>	<u>2,884,937</u>
NET BOOK VALUE					
At 31 December 2020	<u>40,416</u>	<u>1,206,295</u>	<u>15,922</u>	<u>-</u>	<u>1,262,633</u>
At 31 December 2019	<u>-</u>	<u>909,954</u>	<u>23,624</u>	<u>99,650</u>	<u>1,033,228</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

11. **STOCKS**

Closing stock consists of:

	2020	2019
	£	£
Finished goods	225,255	154,396
Bulk product materials	223,427	227,415
Packaging materials	303,737	421,832
	<u>752,419</u>	<u>803,643</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors (incl. financed debtors)	1,520,442	1,676,917
Amounts owed by group undertakings	-	78,000
Other debtors	3,160	348,947
Prepayments	106,049	91,677
	<u>1,629,651</u>	<u>2,195,541</u>

Of the trade debtor balances, £1,460,819 (2019 - £1,626,593) represent balances which are under a debt finance arrangement. The amount advanced against these balances at 31 December 2020 was £936,867 (2019 - £1,115,351). This amount is disclosed under creditors falling due within one year.

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Bank loans and overdrafts (see note 15)	197,098	203,466
Hire purchase contracts (see note 16)	-	31,196
Trade creditors	599,794	1,202,701
Amounts owed to group undertakings	77,000	-
Tax	391,955	182,137
Social security and other taxes	271,499	445,373
Other creditors	1,029,936	1,205,359
Accruals and deferred income	82,115	74,341
	<u>2,649,397</u>	<u>3,344,573</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Hire purchase contracts (see note 16)	-	46,579
Other creditors	134,400	6,000
	<u>134,400</u>	<u>52,579</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

15. **LOANS**

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>197,098</u>	<u>203,466</u>

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	-	31,196
Between one and five years	<u>-</u>	<u>46,579</u>
	<u>-</u>	<u>77,775</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	283,300	283,300
Between one and five years	<u>337,339</u>	<u>567,768</u>
	<u>620,639</u>	<u>851,068</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

17. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdrafts	197,098	203,466
Hire purchase contracts	-	77,775
Other creditors: factoring	936,867	1,115,351
	<u>1,133,965</u>	<u>1,396,592</u>

The bank loans and overdraft are secured by:

Debenture comprising fixed and floating charges over all the assets and undertaking of Unipet International Limited including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future;

General Pledge over documents and goods given by Unipet International Limited;

Charge over contract monies given by Unipet International Limited.

An unlimited multilateral guarantee given by Unipet International Limited and its parent company Unipet Holdings Limited.

Included in other creditors is £936,867 (2019 - £1,115,351) owing under a debt finance arrangement. This amount is secured against certain book debts of the company.

Net obligations under hire purchase contracts are secured on the particular assets concerned.

18. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	<u>186,000</u>	<u>118,500</u>
		Deferred tax
		£
Balance at 1 January 2020		118,500
Accelerated capital allowances		<u>67,500</u>
Balance at 31 December 2020		<u>186,000</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
2,000	Ordinary	£1	<u>2,000</u>	<u>2,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

20. **RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	418,681	99,000	517,681
Profit for the year	1,493,401		1,493,401
Dividends	(1,251,000)		(1,251,000)
At 31 December 2020	<u>661,082</u>	<u>99,000</u>	<u>760,082</u>

21. **ULTIMATE PARENT COMPANY**

Unipet Holdings Limited is regarded by the director as being the company's ultimate parent company.

22. **CAPITAL COMMITMENTS**

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>7,067</u>	<u>18,165</u>

23. **RELATED PARTY DISCLOSURES**

During the year the company entered into transactions with a related party, Unipet Asia Hong Kong Trading Limited, a company based in Hong Kong in which AL Ball is a director and has a beneficial interest. During the year Unipet International Limited purchased goods and services from Unipet Asia Hong Kong Trading Limited totalling £13,889 (2019 - £78,170).

Dividends totalling £1,251,000 (2019 - £815,000) were paid during the year to the parent company Unipet Holdings Limited. Services totalling £120,000 (2019 - £120,000) were provided by Unipet Holdings Limited. At the year end a balance of £77,000 was owed by Unipet International Limited to Unipet Holdings Limited (2019 - £78,000 owed by Unipet Holdings Limited to Unipet International Limited).

LROS Consultancy Ltd provided key management personnel services to the company during the year of £37,500. No amounts were outstanding at the balance sheet date.

24. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is A L Ball Esq.

25. **PENSION COMMITMENTS**

The company operates defined contribution schemes on behalf of its director and certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The cost for the period was £95,770 (2019 - £88,217).

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