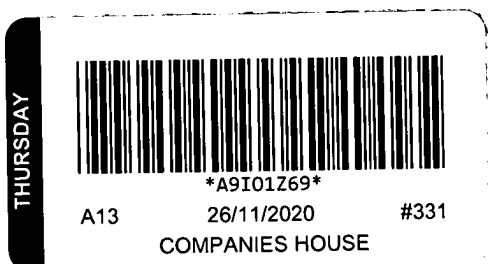


**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements For The Year Ended 31 December 2019**  
**for**  
**The Company of Animals Limited**



# **The Company of Animals Limited**

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**The Company of Animals Limited**  
**Company Information**  
**For The Year Ended 31 December 2019**

**DIRECTORS:** R A Mugford  
P Marshall  
E Mugford

**SECRETARY:** NC Anderson

**REGISTERED OFFICE:** Ruxbury Farm  
St Ann's Hill  
Chertsey  
Surrey  
KT16 9NL

**REGISTERED NUMBER:** 02030659 (England and Wales)

**AUDITORS:** Fuller Spurling  
Chartered Accountants and Statutory Auditors  
Mill House  
58 Guildford Street  
Chertsey  
Surrey  
KT16 9BE

**The Company of Animals Limited**  
**Group Strategic Report**  
**For The Year Ended 31 December 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

**REVIEW OF THE BUSINESS**

The Directors are delighted to present the results for the financial year. Following the transitioning through the previous year, 2019 has been a year of significant investment in people and products both in UK and internationally. Group turnover and profitability has remained strong despite funding issues caused by the difficulties in funding overseas subsidiaries from the UK. The key long-term objective of building brand value has continued with innovative new product development and fundamental re-branding of the Pet Head range which will be launched in 2021.

Future sales growth will be sought primarily through new product innovation within the established categories but also potentially by acquisition or strategic third-party distribution arrangements. The direction of focussing on own brands has been fully achieved and accounted for 93.00% of total sales (2018: 92.00%).

The business in the Americas completed its relocation to Denver, Colorado at the beginning of 2019 and has continued to grow in terms of sales \$7.9m (2018 \$6.7m). Employee numbers have only increased slightly to 12 (2018: 11) but are now more concentrated on the Denver hub and focussed towards providing the US subsidiary with a platform for it to become operationally independent of its UK parent. The growth in US has again reduced foreign currency exchange risk by earning a greater proportion of revenue in US Dollars 60.00% (2018: 43.00%).

The directors have considered the effect of COVID 19 on the company's operations particularly in relation to adopting the going concern basis in preparing the financial statements. The Company of Animals Group operates in the dog accessory & training industry supplying most countries around the world which has seen dog ownership increase along with more time being spent with pets. This has allowed The Company of Animals Group to continue to operate almost as usual in relation to their revenue generating activities. Taking into account the circumstances of the Company and the wider Group, the board of directors does not expect COVID19 to have a significant impact on the Company.

The global workforce has remained similar at 40 (2018: 42) due to investment in technology and communications. While still based predominantly at Chertsey (UK) and Denver, CO (US) the single IT infra-structure designed to allow for remote and agile working when travelling or home-based enabled the business to continue to function seamlessly through the 2020 global lockdowns

Funding of the business has been challenging with debt remaining at a low level and only increasing by a small amount £2.5m (2018: £3.0m). Further external funding will be sought in the new year to support sales growth. All scheduled repayments continue to be made on time.

The business continues to adapt with the objective of becoming closer to its consumers. During the year an Australian subsidiary has been established replacing a distributor network and the number of wholesale customers globally has been reduced to partner customers more aligned to promoting the brand messages. This is supported by the focus of digital marketing initiatives to connect with pet owners who strive to find solutions for their dog behavioural issues and developing a website to engage directly with consumers globally.

**ON BEHALF OF THE BOARD:**

  
.....  
P Marshall - Director

Date: 6/11/20.....

## **The Company of Animals Limited**

### **Report of the Directors For The Year Ended 31 December 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

#### **DIVIDENDS**

Interim dividends of £3,984.04 per share on the Ordinary £1 shares, the A Ordinary £1 shares and the C Ordinary £1 shares were paid In September 2019.

The directors recommend that no final dividend be paid on all shares.

The total distribution of dividends for the year ended 31 December 2019 was £310,755.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

R A Mugford  
P Marshall

Other changes in directors holding office are as follows:

NA Hucker - appointed 24 July 2019

E Mugford was appointed as a director after 31 December 2019 but prior to the date of this report.

NA Hucker and P J C Nolan ceased to be directors after 31 December 2019 but prior to the date of this report.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director 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 group's auditors are aware of that information.

**The Company of Animals Limited**

**Report of the Directors  
For The Year Ended 31 December 2019**

**AUDITORS**

The auditors, Fuller Spurling, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
P Marshall - Director

Date: 6/11/20.....

## **Report of the Independent Auditors to the Members of The Company of Animals Limited**

### **Opinion**

We have audited the financial statements of The Company of Animals Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

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

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Report of the Independent Auditors to the Members of  
The Company of Animals Limited**

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

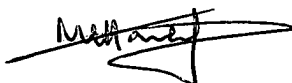
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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

Mark T C Harvey (Senior Statutory Auditor)  
for and on behalf of Fuller Spurling  
Chartered Accountants and Statutory Auditors  
Mill House  
58 Guildford Street  
Chertsey  
Surrey  
KT16 9BE



Date: 25/11/2020



**The Company of Animals Limited**

**Consolidated Income Statement  
For The Year Ended 31 December 2019**

	Notes	31.12.19 £	31.12.18 £
<b>TURNOVER</b>	4	15,668,591	13,857,456
Cost of sales		9,072,420	7,789,191
<b>GROSS PROFIT</b>		6,596,171	6,068,265
Administrative expenses		5,687,267	5,267,569
<b>OPERATING PROFIT</b>	6	908,904	800,696
Foreign currency gain/(loss)	7	-	130,518
Foreign exchange compensation	7	-	74,902
		908,904	1,006,116
Interest receivable and similar income		14,586	12,777
		923,490	1,018,893
Interest payable and similar expenses	8	96,054	87,792
<b>PROFIT BEFORE TAXATION</b>		827,436	931,101
Tax on profit	9	231,019	105,081
<b>PROFIT FOR THE FINANCIAL YEAR</b>		596,417	826,020
Profit attributable to: Owners of the parent		596,417	826,020

The notes form part of these financial statements

**The Company of Animals Limited**

**Consolidated Other Comprehensive Income  
For The Year Ended 31 December 2019**

Notes	31.12.19 £	31.12.18 £
<b>PROFIT FOR THE YEAR</b>	596,417	826,020
<b>OTHER COMPREHENSIVE INCOME</b>		
Foreign exchange losses arising on subsidiary company opening reserves and its results at year end rates	(20,493)	(15,146)
Income tax relating to other comprehensive income	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>(20,493)</u>	<u>(15,146)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>575,924</u></u>	<u><u>810,874</u></u>
Total comprehensive income attributable to: Owners of the parent	<u><u>575,924</u></u>	<u><u>810,874</u></u>

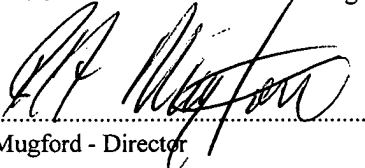
The notes form part of these financial statements

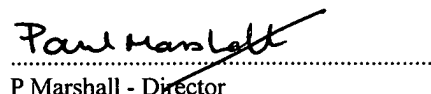
The Company of Animals Limited (Registered number: 02030659)

Consolidated Balance Sheet  
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
<b>FIXED ASSETS</b>					
Intangible assets	12		318,530		408,773
Tangible assets	13		120,681		380,332
Investments	14		-		-
Investment property	15		-		-
			<u>439,211</u>		<u>789,105</u>
<b>CURRENT ASSETS</b>					
Stocks	16	3,172,144		2,037,905	
Debtors	17	4,376,197		3,325,385	
Cash at bank and in hand		359,504		460,695	
		<u>7,907,845</u>		<u>5,823,985</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	18	5,129,066		3,901,313	
<b>NET CURRENT ASSETS</b>			<u>2,778,779</u>		<u>1,922,672</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,217,990		2,711,777
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		480,941		239,897
<b>NET ASSETS</b>			<u>2,737,049</u>		<u>2,471,880</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		78		78
Capital redemption reserve	24		22		22
Retained earnings	24		2,736,949		2,471,780
<b>SHAREHOLDERS' FUNDS</b>			<u>2,737,049</u>		<u>2,471,880</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 November 2020 and were signed on its behalf by:

  
R A Mugford - Director

  
P Marshall - Director

The notes form part of these financial statements

**The Company of Animals Limited (Registered number: 02030659)**

**Company Balance Sheet  
31 December 2019**

	Notes	31.12.19 £	31.12.18 £
<b>FIXED ASSETS</b>			
Intangible assets	12	318,530	408,773
Tangible assets	13	86,102	47,655
Investments	14	7	1
Investment property	15	-	349,392
		<hr/>	<hr/>
		404,639	805,821
<b>CURRENT ASSETS</b>			
Stocks	16	1,393,332	761,413
Debtors	17	4,987,444	4,311,627
Cash at bank and in hand		226,863	290,773
		<hr/>	<hr/>
		6,607,639	5,363,813
<b>CREDITORS</b>			
Amounts falling due within one year	18	4,119,193	3,247,962
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		2,488,446	2,115,851
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		2,893,085	2,921,672
<b>CREDITORS</b>			
Amounts falling due after more than one year	19	(480,941)	(239,897)
<b>PROVISIONS FOR LIABILITIES</b>	22	-	(8,577)
		<hr/>	<hr/>
<b>NET ASSETS</b>		<u>2,412,144</u>	<u>2,673,198</u>


The notes form part of these financial statements

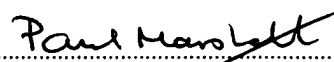
The Company of Animals Limited (Registered number: 02030659)

Company Balance Sheet - continued  
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		78		78
Capital redemption reserve	24		22		22
Retained earnings	24		2,412,044		2,673,098
			<u>2,412,144</u>		<u>2,673,198</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,412,144</u>		<u>2,673,198</u>
Company's profit for the financial year			<u>41,124</u>		<u>269,385</u>

The financial statements were approved by the Board of Directors and authorised for issue on 1<sup>st</sup> November 2020 and were signed on its behalf by:

  
.....  
R A Mugford - Director

  
.....  
P Marshall - Director

The notes form part of these financial statements

**The Company of Animals Limited**

**Consolidated Statement of Changes in Equity  
For The Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 January 2018</b>	78	2,035,906	22	2,036,006
<b>Changes in equity</b>				
Dividends	-	(375,000)	-	(375,000)
Total comprehensive income	-	810,874	-	810,874
<b>Balance at 31 December 2018</b>	<u>78</u>	<u>2,471,780</u>	<u>22</u>	<u>2,471,880</u>
<b>Changes in equity</b>				
Dividends	-	(310,755)	-	(310,755)
Total comprehensive income	-	575,924	-	575,924
<b>Balance at 31 December 2019</b>	<u><u>78</u></u>	<u><u>2,736,949</u></u>	<u><u>22</u></u>	<u><u>2,737,049</u></u>

The notes form part of these financial statements

**The Company of Animals Limited**

**Company Statement of Changes in Equity  
For The Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 January 2018</b>	78	2,764,133	22	2,764,233
<b>Changes in equity</b>				
Dividends	-	(375,000)	-	(375,000)
Total comprehensive income	-	283,965	-	283,965
<b>Balance at 31 December 2018</b>	<u>78</u>	<u>2,673,098</u>	<u>22</u>	<u>2,673,198</u>
<b>Changes in equity</b>				
Dividends	-	(310,755)	-	(310,755)
Total comprehensive income	-	49,701	-	49,701
<b>Balance at 31 December 2019</b>	<u><u>78</u></u>	<u><u>2,412,044</u></u>	<u><u>22</u></u>	<u><u>2,412,144</u></u>

The notes form part of these financial statements

**The Company of Animals Limited**

**Consolidated Cash Flow Statement  
For The Year Ended 31 December 2019**

	Notes	31.12.19 £	31.12.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(1,339)	1,487,544
Interest paid		(96,054)	(87,792)
Tax paid		(142,743)	(36,159)
Net cash from operating activities		<u>(240,136)</u>	<u>1,363,593</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(98,144)	(80,000)
Purchase of tangible fixed assets		(76,479)	(72,336)
Sale of intangible fixed assets		-	62,000
Sale of tangible fixed assets		265,322	-
Interest received		14,586	12,777
Net cash from investing activities		<u>105,285</u>	<u>(77,559)</u>
<b>Cash flows from financing activities</b>			
New loans in year		956,650	-
Loan repayments in year		(828,493)	(510,540)
Amount withdrawn by directors		15,936	-
Equity dividends paid		(310,755)	(375,000)
Net cash from financing activities		<u>(166,662)</u>	<u>(885,540)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(301,513)</u>	<u>400,494</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(762,670)	(1,148,018)
Effect of foreign exchange rate changes		(11,470)	(15,146)
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(1,075,653)</u></u>	<u><u>(762,670)</u></u>

The notes form part of these financial statements



**The Company of Animals Limited**

**Notes to the Consolidated Cash Flow Statement  
For The Year Ended 31 December 2019**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.19	31.12.18
	£	£
Profit before taxation	827,436	931,101
Depreciation charges	233,998	202,036
Loss on disposal of fixed assets	26,933	-
Finance costs	96,054	87,792
Finance income	(14,586)	(12,777)
	<u>1,169,835</u>	<u>1,208,152</u>
(Increase)/decrease in stocks	(1,134,239)	438,524
Increase in trade and other debtors	(1,090,857)	(557,161)
Increase in trade and other creditors	<u>1,053,922</u>	<u>398,029</u>
<b>Cash generated from operations</b>	<u><u>(1,339)</u></u>	<u><u>1,487,544</u></u>

**2. CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2019**

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	359,504	460,695
Bank overdrafts	(1,435,157)	(1,223,365)
	<u><u>(1,075,653)</u></u>	<u><u>(762,670)</u></u>

**Year ended 31 December 2018**

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	460,695	403,440
Bank overdrafts	(1,223,365)	(1,551,458)
	<u><u>(762,670)</u></u>	<u><u>(1,148,018)</u></u>

The notes form part of these financial statements

**The Company of Animals Limited**

**Notes to the Consolidated Cash Flow Statement  
For The Year Ended 31 December 2019**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.19 £	Cash flow £	At 31.12.19 £
<b>Net cash</b>			
Cash at bank and in hand	460,695	(101,191)	359,504
Bank overdrafts	<u>(1,223,365)</u>	<u>(211,792)</u>	<u>(1,435,157)</u>
	<u>(762,670)</u>	<u>(312,983)</u>	<u>(1,075,653)</u>
<b>Debt</b>			
Debts falling due within 1 year	(463,530)	112,882	(350,648)
Debts falling due after 1 year	<u>(239,897)</u>	<u>(241,044)</u>	<u>(480,941)</u>
	<u>(703,427)</u>	<u>(128,162)</u>	<u>(831,589)</u>
<b>Total</b>	<u><u>(1,466,097)</u></u>	<u><u>(441,145)</u></u>	<u><u>(1,907,242)</u></u>

The notes form part of these financial statements

## **The Company of Animals Limited**

### **Notes to the Consolidated Financial Statements For The Year Ended 31 December 2019**

#### **1. STATUTORY INFORMATION**

The Company of Animals 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 General Information page.

#### **2. STATEMENT OF COMPLIANCE**

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.

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Turnover from the sale of goods is recognised when goods are delivered and legal title has passed. Turnover is the amount derived from the provision of goods, and stated after trade discounts, other sales taxes and net of VAT.

##### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents are amortised on a straight line basis over their estimated useful life of five years. A full year charge is made in the year of acquisition.

Goodwill is amortised on a straight line basis over its estimated useful life of five years. A full year charge is made in the year of acquisition.

Product development is capitalised where it can be distinguished from research, and the cost or value of the asset can be measured reliably. Product development is amortised on a straight line basis over its estimated useful life of five years, beginning in the year during which the product is launched. A full year charge is made in the year of launch.

##### **Tangible fixed assets**

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

Fixtures and fittings - 20% on cost

Motor vehicles - 25% on cost

Freehold property - 2% on cost

##### **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 any expenditure incurred in bringing the stock to its present location and condition, including costs of freight and duty and packaging materials. A Standard cost basis is used.

## **The Company of Animals Limited**

### **Notes to the Consolidated Financial Statements - continued For The Year Ended 31 December 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Taxation**

Taxation represents the sum of tax currently payable, and deferred tax if material.

The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax, where material, is recognised on all timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### **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.

##### **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. Consolidation adjustments also take into account the restatement of opening reserves as a result of the exchange rates in exchange rates at each year end and this is shown as a movement on reserves.

##### **Hire purchase and leasing commitments**

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

##### **Pension costs and other post-retirement benefits**

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

# The Company of Animals Limited

## Notes to the Consolidated Financial Statements - continued For The Year Ended 31 December 2019

### 3. ACCOUNTING POLICIES - continued

#### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### Cash at bank and in hand

Cash at bank includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### Creditors

Creditors, provisions and accrued costs are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Financial Instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The company has investment property which is revalued annually, but within the consolidated accounts the property is treated as freehold property.

### 4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31.12.19	31.12.18
	£	£
United Kingdom	5,980,803	5,775,301
Europe	2,729,446	2,756,900
Rest of World	6,958,342	5,325,255
	<u>15,668,591</u>	<u>13,857,456</u>

### 5. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	2,392,342	2,324,398
Social security costs	98,724	85,760
Other pension costs	18,641	11,118
	<u>2,509,707</u>	<u>2,421,276</u>

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

	31.12.19	31.12.18
Commercial	24	25
Product Development	-	2
Operations	9	7
Finance & Administration	7	8
	<u>40</u>	<u>42</u>

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**5. EMPLOYEES AND DIRECTORS - continued**

The average number of employees by undertakings that were proportionately consolidated during the year was 12 (2018 - 11).

	31.12.19	31.12.18
	£	£
Directors' remuneration	357,037	249,081
Directors' long term incentive schemes	61,906	111,810
	<u>          </u>	<u>          </u>

Information regarding the highest paid director is as follows:

	31.12.19	31.12.18
	£	£
Emoluments etc	166,500	215,712
	<u>          </u>	<u>          </u>

Included in other pension costs is £18,641 (2018: £11,118) in respect of the defined contribution scheme.

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.19	31.12.18
	£	£
Hire of plant and machinery	9,788	18,790
Other operating leases	345,406	299,108
Depreciation - owned assets	43,875	41,078
Loss on disposal of fixed assets	26,933	-
Goodwill amortisation	172,387	147,587
Patents amortisation	16,000	16,000
Auditors' remuneration	32,900	34,135
Auditors' remuneration for non audit work	3,500	3,850
Operating lease charges	136,300	123,775
	<u>          </u>	<u>          </u>

**7. EXCEPTIONAL ITEMS**

	31.12.19	31.12.18
	£	£
Foreign currency gain/(loss)	-	130,518
Foreign exchange compensation	-	74,902
	<u>          </u>	<u>          </u>
	-	205,420
	<u>          </u>	<u>          </u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.19	31.12.18
	£	£
Bank interest	62,614	51,736
Bank loan & other interest	33,440	36,056
	<u>          </u>	<u>          </u>
	96,054	87,792
	<u>          </u>	<u>          </u>

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2019**

**9. TAXATION**

**Analysis of the tax charge**

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

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	194,700	112,932
(Over)/underprovision in prior years	7,028	1,269
Total current tax	201,728	114,201
Deferred tax	29,291	(9,120)
Tax on profit	<u>231,019</u>	<u>105,081</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	31.12.19 Tax £	Net £
Foreign exchange losses arising on subsidiary company opening reserves and its results at year end rates	(20,493)	-	(20,493)
	<u>(20,493)</u>	<u>-</u>	<u>(20,493)</u>
	Gross £	31.12.18 Tax £	Net £
Foreign exchange losses arising on subsidiary company opening reserves and its results at year end rates	(15,146)	-	(15,146)
	<u>(15,146)</u>	<u>-</u>	<u>(15,146)</u>

**10. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**11. DIVIDENDS**

		31.12.18 £	31.12.17 £
Ordinary shares of £1 each	interim	38,462	51,282
A Ordinary shares of £1 each	interim	317,308	423,077
C Ordinary shares of £1 each	interim	19,231	25,641
		<u>375,000</u>	<u>500,000</u>

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2019**

**12. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Development costs £	Patents £	Totals £
<b>COST</b>				
At 1 January 2019	861,933	-	396,818	1,258,751
Additions	-	98,144	-	98,144
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	861,933	98,144	396,818	1,356,895
	<hr/>	<hr/>	<hr/>	<hr/>
<b>AMORTISATION</b>				
At 1 January 2019	517,160	-	332,818	849,978
Amortisation for year	172,387	-	16,000	188,387
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	689,547	-	348,818	1,038,365
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 31 December 2019	172,386	98,144	48,000	318,530
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	344,773	-	64,000	408,773
	<hr/>	<hr/>	<hr/>	<hr/>

**Company**

	Goodwill £	Development costs £	Patents £	Totals £
<b>COST</b>				
At 1 January 2019	861,933	-	396,818	1,258,751
Additions	-	98,144	-	98,144
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	861,933	98,144	396,818	1,356,895
	<hr/>	<hr/>	<hr/>	<hr/>
<b>AMORTISATION</b>				
At 1 January 2019	517,160	-	332,818	849,978
Amortisation for year	172,387	-	16,000	188,387
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	689,547	-	348,818	1,038,365
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 31 December 2019	172,386	98,144	48,000	318,530
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	344,773	-	64,000	408,773
	<hr/>	<hr/>	<hr/>	<hr/>



**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**13. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2019	304,255	-	205,543	20,510	530,308
Additions	-	28,600	47,879	-	76,479
Disposals	(304,255)	-	-	-	(304,255)
At 31 December 2019	-	28,600	253,422	20,510	302,532
<b>DEPRECIATION</b>					
At 1 January 2019	12,000	-	118,654	19,322	149,976
Charge for year	-	5,720	36,967	1,188	43,875
Eliminated on disposal	(12,000)	-	-	-	(12,000)
At 31 December 2019	-	5,720	155,621	20,510	181,851
<b>NET BOOK VALUE</b>					
At 31 December 2019	-	22,880	97,801	-	120,681
At 31 December 2018	292,255	-	86,889	1,188	380,332

**Company**

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 January 2019	-	118,460	20,510	138,970
Additions	28,600	40,478	-	69,078
At 31 December 2019	28,600	158,938	20,510	208,048
<b>DEPRECIATION</b>				
At 1 January 2019	-	71,993	19,322	91,315
Charge for year	5,720	23,723	1,188	30,631
At 31 December 2019	5,720	95,716	20,510	121,946
<b>NET BOOK VALUE</b>				
At 31 December 2019	22,880	63,222	-	86,102
At 31 December 2018	-	46,467	1,188	47,655

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**14. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019	1
Additions	6
	<hr/>
At 31 December 2019	7
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2019	7
	<hr/> <hr/>
At 31 December 2018	1
	<hr/> <hr/>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**The Company of Animals LLC**

Registered office: Suite D, 13606 Xavier Lane, Broomfield, CO 80023

Nature of business: Sale of pet training & behavioural products

	%
Class of shares:	holding
Member shares	100.00

**The Company of Animals PTY Ltd**

Registered office: HLB Mann Judd (NSW) PTY LTD, Level 19, 207 Kent Street, SYDNEY NSW 2000

Nature of business: Sale of pet training & behavioural products

	%
Class of shares:	holding
Ordinary	100.00

**INVESTMENT PROPERTY**

**Group**

The investment property shown below is owned by the company but used by its subsidiary company. Upon consolidation the property is treated as freehold property and depreciated accordingly.

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**15. INVESTMENT PROPERTY - continued**

**15. INVESTMENT PROPERTY  
Company**

	Total £
<b>FAIR VALUE</b>	
At 1 January 2019	349,392
Disposals	(349,392)
At 31 December 2019	-
<b>NET BOOK VALUE</b>	
At 31 December 2019	-
At 31 December 2018	349,392

**16. STOCKS**

	<b>Group</b>		<b>Company</b>	
	31.12.19 £	31.12.18 £	31.12.19 £	31.12.18 £
Finished goods	3,172,144	2,037,905	1,393,332	761,413

Group impairment losses of £104,090 have been charged against profits (2018: £118,387)

Impairment losses in the company were £53,000 (2018: £65,205)

**17. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31.12.19 £	31.12.18 £	31.12.19 £	31.12.18 £
Amounts falling due within one year:				
Trade debtors	2,835,223	2,477,199	1,724,554	1,646,218
Other debtors	921,226	525,678	921,226	525,678
VAT	5,858	-	5,858	-
Deferred tax asset	35,149	64,746	26,087	42,133
Prepayments	578,741	257,762	261,476	106,594
	4,376,197	3,325,385	2,939,201	2,320,623
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	2,048,243	1,991,004
Aggregate amounts	4,376,197	3,325,385	4,987,444	4,311,627

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**17. DEBTORS - continued**

Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Accelerated capital allowances	(11,531)	(8,467)	(11,531)	(8,467)
Other timing differences	37,618	50,600	37,618	50,600
Deferred tax	9,062	22,613	-	-
	<u>35,149</u>	<u>64,746</u>	<u>26,087</u>	<u>42,133</u>

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

	<b>Group</b>		<b>Company</b>	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans and overdrafts (see note 20)	1,785,805	1,686,895	1,785,805	1,686,895
Trade creditors	2,000,599	1,187,398	1,400,244	771,886
Corporation tax	140,499	81,514	29,754	29,386
Social security and other taxes	56,417	155,389	56,417	155,389
VAT	-	66,158	-	66,158
Other creditors	150	4,059	150	4,059
Directors' current accounts	15,936	-	15,936	-
Accrued expenses	1,129,660	719,900	830,887	534,189
	<u>5,129,066</u>	<u>3,901,313</u>	<u>4,119,193</u>	<u>3,247,962</u>

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

	<b>Group</b>		<b>Company</b>	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans (see note 20)	<u>480,941</u>	<u>239,897</u>	<u>480,941</u>	<u>239,897</u>

**20. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,435,157	1,223,365	1,435,157	1,223,365
Bank loans	350,648	463,530	350,648	463,530
	<u>1,785,805</u>	<u>1,686,895</u>	<u>1,785,805</u>	<u>1,686,895</u>
Amounts falling due between two and five years:				
Bank Loans	<u>480,941</u>	<u>239,897</u>	<u>480,941</u>	<u>239,897</u>

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2019**

**21. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank overdraft	1,435,157	1,223,365	1,435,157	1,223,365
Bank loans	831,589	703,427	831,589	703,427
	<u>2,266,746</u>	<u>1,926,792</u>	<u>2,266,746</u>	<u>1,926,792</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all assets and undertakings of the parent company.

**22. DEFERRED TAX**

	<b>Company</b>	
	31.12.19	31.12.18
	£	£
Other provisions		
Deferred tax	-	8,577
	<u>-</u>	<u>8,577</u>
Aggregate amounts	-	8,577
	<u>-</u>	<u>8,577</u>
<b>Group</b>		
		£
Balance at 1 January 2019		(64,746)
Provided during year		29,597
		<u>29,597</u>
Balance at 31 December 2019		<u>(35,149)</u>
<b>Company</b>		
		£
Balance at 1 January 2019		(42,133)
Charge to Income Statement during year		16,046
		<u>16,046</u>
Balance at 31 December 2019		<u>(26,087)</u>

**23. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	31.12.19	31.12.18
			£	£
8	Ordinary	£1	8	8
66	A Ordinary	£1	66	66
4	C Ordinary	£1	4	4
			<u>78</u>	<u>78</u>

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**24. RESERVES**

**Group**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	2,471,780	22	2,471,802
Profit for the year	596,417		596,417
Dividends	(310,755)		(310,755)
Foreign exchange gain on restating opening reserves	4,403	-	4,403
Foreign exch diff for year	(24,896)	-	(24,896)
At 31 December 2019	<u>2,736,949</u>	<u>22</u>	<u>2,736,971</u>

**Company**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	2,673,098	22	2,673,120
Profit for the year	41,124		41,124
Dividends	(310,755)		(310,755)
Deferred tax on investment property revaluation	8,577	-	8,577
At 31 December 2019	<u>2,412,044</u>	<u>22</u>	<u>2,412,066</u>

**25. OTHER FINANCIAL COMMITMENTS**

At 31 December 2019, the company had total commitments under non-cancellable operating leases over the remaining life of those leases of £170,429 (2018: £226,209)

**26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 December 2019 and 31 December 2018:

	31.12.19 £	31.12.18 £
<b>R A Mugford</b>		
Balance outstanding at start of year	429,470	350,207
Amounts advanced	613,511	244,029
Amounts repaid	(456,392)	(164,766)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>586,589</u>	<u>429,470</u>

The advances are repayable on demand. Interest has been charged at HM Revenue & Customs approved rates.

**The Company of Animals Limited**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2019**

**27. RELATED PARTY DISCLOSURES**

Purchases of £34,035 (2017: £33,165) were made from Marissa Mugford, R A Mugford's wife. At the year end there was a balance of £3,000 (2017: £Nil) due to Marissa Mugford.

During the year further loans of £314,959 were made to Canine Cognition Ltd, a business owned by R A Mugford. At the year end there was a balance of £334,578 (2018: £19,619) due from Canine Cognition Ltd.

Sales of £45,990 (2018: £3,781) and purchases of £132,162 (2018: £7,907) were made to/from Animal Insights Ltd, a business owned by R A Mugford. At the year end there was a balance of £54,696 due from Animal Insights Ltd (2018: £1,138 due to Animal Insights Ltd.)

During the year the company occupied premises owned by R A Mugford, and was charged rent of £100,000 (2018: £100,000). RM Mugford charged a further £100,000 for maintenance and improvements (2018: £3,257).

The company is controlled by the directors who own the entire issued share capital.

During the year dividends totalling £310,755 (2018: £375,000) were paid to the Directors.