

Registration number: 02306519 (England and Wales)

Samoa Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



Gross Klein
Chartered Accountants and Statutory Auditors
5 St. John's Lane
London
EC1M 4BH

Samoa Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 7
Independent Auditor's Report	8 to 12
Profit and Loss Account	13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 to 31

Samoa Limited

Company Information

Directors	Mr John Fletcher
	Mr Alberto Moratiel
	Mrs Wendy Fletcher
	Mr Nigel O'Dell
	Ms Seema Patel
Company secretary	Mr John Fletcher
Registered office	C/O Gross Klein
	5 St. John's Lane
	London
	EC1M 4BH
Auditors	Gross Klein
	Chartered Accountants and Statutory Auditors
	5 St. John's Lane
	London
	EC1M 4BH

Samoa Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The principal activities of the company are distributors, system designers and installers of lubrication and associated equipment for the automotive trade and general industry.

Financial performance indicators have been selected that reflect the strength of the company as a whole including turnover, gross profit margin and operating profit.

Sales have increased by 41.61% (2020: decreased by 16.56%). Gross profit margin has decreased to 29.17% compared to the previous year of 29.20%. Operating profits amounts to £68,358 compared to loss last year of £53,133. Profit after tax was £42,898 (2020: loss of £53,987).

At the year end the shareholders funds were £2,101,683 (2020: £2,058,785).

The business environment in which we operate continues to be challenging. We face competition from companies both inside and outside the UK. We are also affected by consumer spending patterns and choices.

Results

The results for the year are set out on page 13.

Samoa Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Future developments

It is anticipated that there will be reduction in income as customers are looking to cut back on costs and spending on equipment due to the difficult economic conditions. The company's management team is dedicated to maintaining and extending the improvements in customer services, quality and productivity.

Principal risks and uncertainties

All businesses face a range of risks and uncertainties, being subject to hazards from internal and external sources. The company undertakes regular risk assessments and the likelihood and significance of risk factors are considered to ensure risk mitigation.

UK economic performance

The UK economy continues to suffer from reduced consumer spending. The operational leverage is such that any deterioration in sales performance may have a disproportionate reduction in profitability. The company mitigates this by continuous monitoring of costs. In addition, the company is aggressively pursuing work and orders from new and existing customers.

Brexit risk

Along with many UK businesses, uncertainty continues about Brexit together with associated risks, which are being monitored by the company. The company has developed change plans to ensure that it is well placed to operate effectively on a range of potential scenarios.

Availability of credit

The availability of credit for consumers and businesses has fallen considerably. Thus there is possibility of bad debts. However, this risk is mitigated by the maintenance of cash reserves and through agreements with customers regarding payment terms and credit facilities. Extended credit terms are agreed with suppliers where possible.

Exchange rate fluctuations

Exchange rate fluctuations could have a material impact on the company's operating results. The global financial crisis has led to increased volatility in exchange rates which makes it harder to predict exchange rate and thus perform financial planning. Thus the company only monitors closely the foreign exchange market to try and mitigate this risk.

Samoa Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Section 172(1) statement

The board of directors of consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 December 2021.

Section 172 of the Companies Act 2006 requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole. In doing so, the directors must regard (among other matters) to:

- The likely consequences of any decision in the long term.
- The interests of the company's employees.
- The need to foster business relationships with suppliers, clients and others.
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly towards all shareholders of the company.

The board of directors determines the strategic objectives and policies of the company to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives and controls. It is also responsible for recommending dividends. The board is collectively responsible for the success of the company. Shareholders interests and the matters listed above are factored into all board discussions and decisions.

The company's strategy and business plans are approved annually by the board. On-going performance is discussed and monitored by the board on a monthly basis. The directors also review the principal risks and uncertainties faced by the company.

All directors have access to all information as and when required. They also receive monthly management reports. Training is provided by fellow directors as and when required.

All relevant factors are addressed by the board collectively. Any key policies are reviewed on an annual basis to assist the long-term success of the company and to assist the board with their responsibilities.

Building and maintaining the company's reputation and its high standards of business are essential to the future success of the company. The staff are trained and informed what is expected from them. This is annually reviewed with each staff member.

We are committed to building positive relations with the communities in which we operate. In addition, we monitor and manage our environmental impact by striving to reduce the levels of waste. At the moment the company has no initiatives in respect of these areas.

Samoa Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Engagement with employees

Our employees are fundamental to achieve our objectives. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. This ensures we can retain and develop the best talent.

The board principally engages with its workforce by way of one to one meetings. All parties also use email communications when people are out of the office. Engagement with our staff allows us to assess the extent to which they are motivated. Such motivation contributes to the success of the company. Engagement also identifies areas we need to focus on to continue develop staff motivation. This way of engagement have a positive impact on our business performance and employee retention. This ultimately benefits all stakeholders.

Every year the board, or a member of the board, discusses performance with every staff member. Pay reviews are also discussed and both parties make suggestions, if any.

Our staff costs for the year amounted to £672,923 compared to £640,728 from the previous year. The breakdown of these costs are shown in note 9 to the financial statements which also shows that the average number of employees were 18 (2020: 17).

Engagement with suppliers, customers and other relationships

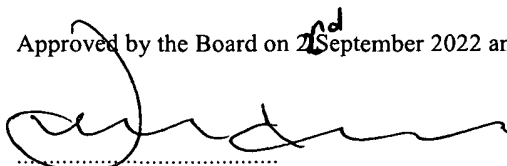
The board recognises the importance of engaging with its broader stakeholder base. We believe the other key stakeholders are our customers, suppliers and shareholders.

Focusing on the needs of our customers is critical to the success of our business. We maintain a high degree of customer intimacy in order to anticipate and understand the needs of our customers, building on our years of experience. We collaborate and try to resolve any matters with our customers to improve product performance and value. Our turnover for the year has increased to £2,990,567 compared to £2,111,761 for the previous year.

Our external supply chain and our suppliers are also vital to our performance. We engage with them to build trusting relationships from which we can mutually benefit and to ensure they are performing to our standards and conducting business to our expectations. No specific actions were undertaken in these areas during the year.

The company is 100% owned by Samoa Industrial SA which is incorporated in Spain. Representatives from Samoa Industrial SA receive monthly management accounts and from time to time come to the company for meetings to discuss and review business operations, results and plans. This engagement helps to ensure that strategy of the company is aligned to and supported by the shareholder. Such engagement also presents opportunities for collaboration with other members of the international group. The interim dividend paid during the year was £nil compared to £nil that was paid in the previous year.

Approved by the Board on 2nd September 2022 and signed on its behalf by:



Mr John Fletcher
Company secretary and director

Samoa Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors of the company

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

Mr John Fletcher - Company secretary and director

Mr Alberto Moratíel

Mrs Wendy Fletcher

Mr Nigel O'Dell

Ms Seema Patel

Review of business, future developments principal risks and uncertainties

A review of the business, future developments, principal risks and uncertainties, engagement with employees and engagement with suppliers, customers and other relationships are detailed on pages 2 to 5 of the Strategic Report.

Dividends

No interim dividend was paid for the year and last year. The directors do not recommend the payment of a final dividend for the year and none was paid for last year.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. How we engage with them is set out on page 5.

Employment of disabled persons

Applications for employment for disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotions of disabled persons should, as far as possible, be identical with that of other employees.

Going concern

The company's review of business, together with the factors likely to affect its future development and the principal risks and uncertainties are described in the Strategic Report on pages 2 to 5. The company has the financial resources and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of directors' responsibilities

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

Samoa Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

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 UK 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.

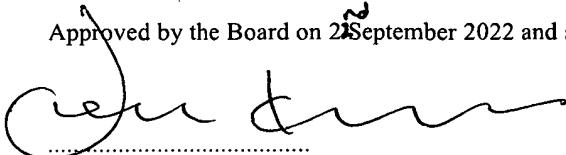
Disclosure of information to the auditors

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.

Reappointment of auditors

The auditors Gross Klein are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22nd September 2022 and signed on its behalf by:



Mr John Fletcher
Company secretary and director

Samoa Limited

Independent Auditor's Report to the Members of Samoa Limited

Opinion

We have audited the financial statements of Samoa Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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.

Samoa Limited

Independent Auditor's Report to the Members of Samoa Limited (continued)

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 year 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 6) 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.

Samoa Limited

Independent Auditor's Report to the Members of Samoa Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 identify and assess the key areas of material misstatements and then design and perform audit procedures in relation to those risks.

Materiality has been calculated on the average of turnover and profit for the year using appropriate percentages.

We performed analytical procedures to identify any unusual or unexpected ratios or variances that may indicate risks of material misstatement due to fraud.

We focused on specific laws and regulations which we considered may have a direct effect on the financial statements or the operations of the company including Companies Act 2006, data protection and health and safety.

Irregularities which result from fraud are inherently more difficult to detect than irregularities which result from error, however there have never been any instances of fraud encountered with the company and there are controls in place through segregation of duties and regular reviews of management accounts which reduce the risk of fraud through management override.

All the audit members were made aware of the relevant laws and regulations applicable to the company together with potential fraud risks and remained alert to any indications of fraud and non compliance with the laws and regulations throughout the audit.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Samoa Limited

Independent Auditor's Report to the Members of Samoa Limited (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Samoa Limited

Independent Auditor's Report to the Members of Samoa Limited (continued)

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.

.....
Howard Gross (Senior Statutory Auditor)
For and on behalf of Gross Klein, Statutory Auditor

5 St. John's Lane
London
EC1M 4BH

2 September 2022

Samoa Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	2,990,567	2,111,761
Cost of sales		<u>(2,118,331)</u>	<u>(1,495,029)</u>
Gross profit		872,236	616,732
Distribution costs		(94,844)	(76,989)
Administrative expenses		(775,437)	(726,573)
Other operating income	4	<u>66,403</u>	<u>133,697</u>
Operating profit/(loss)	5	<u>68,358</u>	<u>(53,133)</u>
Other interest receivable and similar income	7	150	90
Interest payable and similar expenses	8	<u>(2,000)</u>	<u>(1,098)</u>
		<u>(1,850)</u>	<u>(1,008)</u>
Profit/(loss) before tax		66,508	(54,141)
Taxation	12	<u>(23,610)</u>	<u>154</u>
Profit/(loss) for the financial year		<u><u>42,898</u></u>	<u><u>(53,987)</u></u>

The above results were derived from continuing operations.

The notes on pages 18 to 31 form an integral part of these financial statements.

Samoa Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Profit/(loss) for the year		42,898	(53,987)
Deferred tax on land and buildings		<u>-</u>	<u>524</u>
Total comprehensive income for the year		<u>42,898</u>	<u>(53,463)</u>

Samoa Limited

(Registration number: 02306519)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	1,376,983	1,363,778
Current assets			
Stocks	15	528,455	525,363
Debtors	16	581,291	469,740
Cash at bank and in hand		345,849	383,064
		<u>1,455,595</u>	<u>1,378,167</u>
Creditors: Amounts falling due within one year	18	<u>(710,353)</u>	<u>(678,382)</u>
Net current assets		<u>745,242</u>	<u>699,785</u>
Total assets less current liabilities		2,122,225	2,063,563
Provisions for liabilities	19	<u>(20,542)</u>	<u>(4,778)</u>
Net assets		<u>2,101,683</u>	<u>2,058,785</u>
Capital and reserves			
Called up share capital		10,350	10,350
Revaluation reserve		694,420	706,628
Profit and loss account		<u>1,396,913</u>	<u>1,341,807</u>
Total equity		<u>2,101,683</u>	<u>2,058,785</u>

Approved and authorised by the Board on ^{2nd} September 2022 and signed on its behalf by:



Mr John Fletcher
Company secretary and director

Samoa Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2021	10,350	706,628	1,341,807	2,058,785
Profit for the year	-	-	42,898	42,898
Other comprehensive income	-	(12,208)	12,208	-
Total comprehensive income	-	(12,208)	55,106	42,898
At 31 December 2021	10,350	694,420	1,396,913	2,101,683

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2020	10,350	718,312	1,383,586	2,112,248
Loss for the year	-	-	(53,987)	(53,987)
Other comprehensive income	-	(11,684)	12,208	524
Total comprehensive income	-	(11,684)	(41,779)	(53,463)
At 31 December 2020	10,350	706,628	1,341,807	2,058,785

The notes on pages 18 to 31 form an integral part of these financial statements.

Samoa Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		42,898	(53,987)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	56,892	50,824
Loss/(profit) on disposal of tangible assets		4,257	(105)
Finance income	7	(150)	(90)
Finance costs	8	2,000	1,098
Corporation Tax expense	12	23,610	(154)
		129,507	(2,414)
Working capital adjustments			
(Increase)/decrease in stocks	15	(3,092)	152,379
(Increase)/decrease in trade debtors	16	(116,621)	44,296
Increase/(decrease) in trade creditors	18	29,196	(42,956)
Cash generated from operations		38,990	151,305
Corporation Tax paid	12	(1)	-
Net cash flow from operating activities		38,989	151,305
Cash flows from investing activities			
Interest received	7	150	90
Acquisitions of tangible assets		(76,355)	(33,973)
Proceeds from sale of tangible assets		2,001	4,001
Advances of loans, classified as investing activities		-	(2)
Net cash flows from investing activities		(74,204)	(29,884)
Cash flows from financing activities			
Interest paid	8	(2,000)	(1,098)
Net (decrease)/increase in cash and cash equivalents		(37,215)	120,323
Cash and cash equivalents at 1 January		383,064	262,741
Cash and cash equivalents at 31 December	17	345,849	383,064

The notes on pages 18 to 31 form an integral part of these financial statements.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Statement of compliance

Samoa Limited is a limited liability company incorporated in England. The Registered Office is C/O Gross Klein, 5 St. John's Lane, London EC1M 4BH.

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" (FRS 102) and the Companies Act 2006.

These financial statements were authorised for issue by the Board on 2 September 2022.

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.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

The financial statements have been prepared using the historical cost convention modified to include the revaluation of freehold land and buildings as deemed cost on transition to FRS 102.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the income statement.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current 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 income 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 in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tangible fixed assets

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

Asset class	Depreciation method and rate
Freehold property	2% on a straight line basis
Fixtures, fittings and equipment	15% on a straight line basis
Computer equipment	25% on a straight line basis
Motor vehicles	25% on a straight line basis

Freehold land is not depreciated as it has unlimited useful life. This departure from the Companies Act 2006 provisions is required in order to give a true and fair view.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the retained earnings account.

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted if appropriate, at each balance sheet date. The effect of any change is accounted for prospectively.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

Property, plant and equipment are reviewed for impairment whenever there are events that indicate that an impairment may have occurred. An impairment loss is recognised if an asset's carrying amount exceeds the greater of its value in use and fair value less costs to sell. Impairment losses are recognised in profit or loss.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. These and all other debtors receivable within one year are recorded at transaction price. A provision for the impairment of these debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and sale. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and all other creditors payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors and all other creditors due within one year are recorded at the transaction price.

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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income statement in the year they are payable. The assets of the scheme are administered by trustees in a fund independent from the company.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments - classification

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. The company only enters into basic financial instrument transactions. Financial assets and liabilities are offset, with the net amount presented in the financial statement, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments - recognition and measurement

Basic financial assets, which include trade debtors, amounts owed by related parties, other debtors, accrued income and cash at bank and in hand, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities, including trade creditors, amounts due to related parties and accruals that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Financial instruments - impairment

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Revenue

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

	2021 £	2020 £
Sales	<u>2,990,567</u>	<u>2,111,761</u>

The analysis of the company's turnover for the year by geographical market is as follows:

	2021 £	2020 £
UK	2,817,725	1,935,610
European Union	132,792	139,984
United States of America	15,734	14,363
Rest of world	<u>24,316</u>	<u>21,804</u>
	<u>2,990,567</u>	<u>2,111,761</u>

4 Other operating income

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

	2021 £	2020 £
Government grants	5,583	82,997
Rent receivable	18,000	18,000
Miscellaneous other operating income	<u>42,820</u>	<u>32,700</u>
	<u>66,403</u>	<u>133,697</u>

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	56,892	50,824
Loss/(profit) on disposal of property, plant and equipment	<u>4,257</u>	<u>(105)</u>

6 Government grants

There was job retention grant received for one employee who was furloughed during the year due to the covid pandemic.

The amount of grants recognised in the financial statements was £5,583 (2020 - £82,997).

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	<u>150</u>	<u>90</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on other finance liabilities	<u>2,000</u>	<u>1,098</u>

9 Staff costs

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

	2021 £	2020 £
Wages and salaries	574,066	545,630
Social security costs	70,875	67,786
Pension costs, defined contribution scheme	<u>27,982</u>	<u>27,312</u>
	<u>672,923</u>	<u>640,728</u>

The average monthly number of employees during the year, included in the above payroll costs, were as follows:

	2021	2020
Directors	4	4
Administration	9	8
Engineering	<u>5</u>	<u>5</u>
	<u>18</u>	<u>17</u>

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	246,874	238,342
Contributions paid to money purchase schemes	6,600	6,600
	<u>253,474</u>	<u>244,942</u>

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

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	<u>75,600</u>	<u>75,600</u>

11 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>4,175</u>	<u>3,800</u>
Other fees to auditors		
All other non-audit services	<u>4,175</u>	<u>3,800</u>

12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	7,846	-
Deferred taxation		
Arising from origination and reversal of timing differences	<u>15,764</u>	<u>(154)</u>
Tax expense/(receipt) in the income statement	<u>23,610</u>	<u>(154)</u>

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Taxation (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>66,508</u>	<u>(54,141)</u>
Corporation tax at standard rate	12,637	(10,287)
(Decrease)/increase from tax losses for which no deferred tax asset was recognised	(1,025)	154
Tax (decrease)/increase from effect of capital allowances and depreciation	(3,926)	8,899
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>15,924</u>	<u>1,080</u>
Total tax charge/(credit)	<u><u>23,610</u></u>	<u><u>(154)</u></u>

There were no changes in Corporation Tax rates since last year.

13 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2021	<u>11,000</u>	<u>11,000</u>
At 31 December 2021	<u>11,000</u>	<u>11,000</u>
Amortisation		
At 1 January 2021	<u>11,000</u>	<u>11,000</u>
At 31 December 2021	<u>11,000</u>	<u>11,000</u>
Carrying amount		
At 31 December 2021	<u>-</u>	<u>-</u>
At 31 December 2020	<u>-</u>	<u>-</u>

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2021	1,679,238	289,324	58,875	2,027,437
Additions	-	76,355	-	76,355
Disposals	(5,772)	(48,703)	-	(54,475)
At 31 December 2021	<u>1,673,466</u>	<u>316,976</u>	<u>58,875</u>	<u>2,049,317</u>
Depreciation				
At 1 January 2021	383,382	252,750	27,527	663,659
Charge for the year	23,070	22,124	11,698	56,892
Eliminated on disposal	(1,854)	(46,363)	-	(48,217)
At 31 December 2021	<u>404,598</u>	<u>228,511</u>	<u>39,225</u>	<u>672,334</u>
Carrying amount				
At 31 December 2021	<u>1,268,868</u>	<u>88,465</u>	<u>19,650</u>	<u>1,376,983</u>
At 31 December 2020	<u>1,295,856</u>	<u>36,574</u>	<u>31,348</u>	<u>1,363,778</u>

The freehold land and buildings were valued by an independent firm Lamb & Swift Commercial Chartered Surveyors on 11 June 2007 on an open market basis. The directors have elected to use this previous revaluation at the date of transition to FRS 102 as its deemed cost.

Included above is land of £520,931 (2020: £520,931) which has not been depreciated.

Comparable historical cost for the land and buildings is as follows:

	£
Cost	
At 1 January 2021 and 31 December 2021	<u>808,708</u>
Depreciation based on cost	
At 1 January 2021	212,062
Charge for the year	10,958
At 31 December 2021	<u>223,020</u>
Net book value	
At 31 December 2021	<u>585,688</u>
At 31 December 2020	<u>596,646</u>

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>528,455</u>	<u>525,363</u>

16 Debtors

	Note	2021 £	2020 £
Trade debtors		511,591	396,328
Amounts owed by related parties	24	41,013	22,683
Other debtors		425	18,664
Prepayments		28,262	26,995
Corporation Tax		<u>-</u>	<u>5,070</u>
Total current trade and other debtors		<u>581,291</u>	<u>469,740</u>

17 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	37	46
Cash at bank	<u>345,812</u>	<u>383,018</u>
	<u>345,849</u>	<u>383,064</u>

18 Creditors

	Note	2021 £	2020 £
Due within one year			
Trade creditors		84,361	48,173
Amounts due to related parties	24	358,914	351,319
Social security and other taxes		136,105	195,174
Outstanding defined contribution pension costs		723	753
Accrued expenses		127,475	82,963
Corporation Tax		<u>2,775</u>	<u>-</u>
		<u>710,353</u>	<u>678,382</u>

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

19 Deferred tax and other provisions

Deferred tax asset

The company has trading tax losses of £nil (2020: nil) available to set off against future taxable trading profits.

Deferred tax liability

	2021	2020
	£	£
Deferred tax:		
Accelerated capital allowances	15,764	4,778
Other timing differences	-	-
	<u>15,764</u>	<u>4,778</u>
	2021	2020
	£	£
Balance at 1 January 2021	4,778	5,456
(Credit)/charge to Income Statement during year	15,764	(678)
Revaluation reserve	-	-
Balance at 31 December 2021	<u>20,542</u>	<u>4,778</u>

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £27,982 (2020 - £27,312).

Contributions totalling £3,050 (2020 - £753) were payable to the scheme at the end of the year and are included in creditors.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

21 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary share of £1 each	<u>10,350</u>	<u>10,350</u>	<u>10,350</u>	<u>10,350</u>

22 Loans and borrowings

Bank borrowings

The company has no bank overdrafts or bank loans but Lloyds Bank plc has an unlimited Debenture dated 9 March 1989 incorporating a fixed and floating charge.

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

23 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	16,023	22,952
Later than one year and not later than five years	-	16,023
	<u>16,023</u>	<u>38,975</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £21,071 (2020 - £28,372).

24 Related party transactions

The transactions with the related parties of the company are as follows:

Samoa Industrial SA

This is the ultimate parent company. The sales to Samoa Industrial SA were £11,568 (2020: £12,052) and the purchases were £1,478,057 (2020: £815,235). Dividend paid to Samoa Industrial SA amounted to £nil (2020: £nil).

At the Balance Sheet date, the balances with Samoa Industrial SA were as follows:

Amount receivable of £nil (2020: £5,513);

Amount payable of £255,144 (2020: £250,221).

Alentec Orion Ltd

This is a related party by virtue of common control. During the year the following have been charged or invoiced to Alentec Orion Ltd:

Management and accountancy services charged were £25,500 (2020: £25,500), service of premises were £9,000 and other rechargeable expenses were £21,690.

Sales £904 (2020: £2,304). Purchases £505 (2020: £nil)

At the Balance Sheet date, the amount receivable from Alentec Orion Ltd was £16,518 (2020: £7,114). Payable was £246 (2020: £nil).

The company moved from Leicester to Bolton during the year and occupied premises of Samoa Limited, a company under ultimate common control.

Hydrair Ltd

This is a related party by virtue of common control. Accountancy services charged were £7,200 (2020: £7,200).

Sales from Hydrair Ltd were £2,149 (2020: £nil). Purchases were £1,321 (2020: £nil)

Funds amounting to £6,823 (2020: £19,692) were advanced to Hydrair Ltd during the year. At the Balance Sheet date, the amount receivable from Hydrair Ltd was £22,328 (2020: £7,716). Payable was £426 (2020: £nil).

Samoa Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 Related party transactions (continued)

Samoa-Hallbauer GmbH

This is a related party by virtue of common control. The sales to Samoa-Hallbauer GmbH were £702 (2020: £2,209) and the purchases were £1,661 (2020: £2,440).

At the Balance Sheet date, the amount receivable from Samoa-Hallbauer GmbH was £nil (2020: £522).

Alentec & Orion AB

This is a related party by virtue of common control. The sales to Alentec & Orion AB were £7,545 (2020: £7,857).

At the Balance Sheet date, the amount receivable from Alentec & Orion AB was £2,167 (2020: £1,819).

Linter Holdings Ltd

This is a related party by virtue of common control. Loan advance received of £100,000 (2020: £100,000). Interest of £2,000 (2021: £1,098) was payable on the loan. The total amount payable at the year end was £103,098.

Samoa France

This is a related party by virtue of common control. The sales to Samoa France were £13,531 (2020: £4,715)

25 Parent and ultimate parent undertaking

The company's immediate parent is Samoa Industrial SA, incorporated in Spain.

The ultimate controlling party is Gonzalez-Moratiel family.