

Company Registration No. 09424938 (England and Wales)

RIXO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

RIXO LIMITED

COMPANY INFORMATION

Directors	Miss A Rix Miss O McCloskey
Company number	09424938
Registered office	Unit 1 & 2 Barrel Yard Vinery Way Hammersmith London W6 0LQ
Auditor	Ward Williams Belgrave House 39-43 Monument Hill Weybridge Surrey KT13 8RN

RIXO LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 24

RIXO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

Rixo Limited ("the Company") retails vintage inspired high quality ladies' fashion across Wholesale, Ecommerce, and retail stores. The Company is based in London and has an international following. There is no doubt that the pandemic held back business growth in 2021 but, Rixo continued to trade well during the year. Sales paired back a little on FY20 but gross margins improved as the business focused on driving it's Direct to Customer (D2C) channels through the pandemic.

Operating profits were impacted by growth in administrative expenses of 46% year on year. The main components of this were: -

- A significant people investment was made to build the head office team for future growth, with the increase in headcount driving salary costs. This also necessitated moving to a larger head office in West London.
- Investment was made in marketing, with spend increasing almost by a factor of 10 year on year to enhance the RIXO brand presence, particularly on Instagram and Facebook to help drive the growth in D2C channels. This spend will produce benefits beyond the end of FY21.
- Finally, investments were made into IT and ERP systems to support the D2C platforms and to streamline financial processing and reporting resulting in higher IT running costs and amortisation.

Resulting profits after tax were down 15% consequently.

With respect to the balance sheet, trade creditors increased year on year, but this was mainly a result of timing. It is group policy to agree and confirm terms of payment as part of the commercial arrangements negotiated with its suppliers and then pay in accordance with those terms based on the timely receipt of an accurate invoice.

Finally, cash balances in the year increased by over £2.6m; the balance sheet remains strong.

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces, together with how they are mitigated are as follows:

The economy

There are a number of economic factors that affect our customers and therefore the directors endeavour to ensure that the Company can react to, and is prepared for, changes in the economic environment.

Supply chain disruption

Global supply chains have been impacted by Covid 19 and resulting blockages and constraints in getting goods to market. The directors monitor the situation carefully and review the concentration and reliance upon suppliers to ensure that where possible, alternative suppliers are in place and available.

Development and performance

The global Covid 19 pandemic had a significant impact on the business during the year under review. Our stores faced closures, and this impacted on our sales.

The Company has taken advantage of the Coronavirus Job Retention Scheme and has benefitted from the cancellation of non-domestic business rates.

RIXO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Key performance indicators

The Company monitors progress by reference to a number of key performance indicators ("KPI's")

These KPI's include the following: -

1. Sales, which are further analysed by:
 - Number of transactions
 - Average transaction value
 - Units per transaction
 - Customer conversion rate
2. Gross Margin
3. Earnings before interest, depreciation, and amortisation.

On behalf of the board

Miss O McCloskey
Director

15 March 2022

RIXO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the company continued to be that of retail and online sales of clothing.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £300,945. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Miss A Rix
Miss O McCloskey

Auditor

The auditor, Ward Williams, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

RIXO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the board

Miss O McCloskey

Director

15 March 2022

RIXO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIXO LIMITED

Opinion

We have audited the financial statements of Rixo Limited (the 'company') for the year ended 30 June 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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 issue.

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

Other information

The 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.

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 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.

RIXO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RIXO LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor'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.

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following were most significant: the Companies Act 2006 and UK corporate taxation laws.

RIXO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIXO LIMITED

- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to the management of the company. We corroborated our inquiries through our review of correspondence during our audit work.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular and journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with the relevant laws and regulations.

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

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.

Colin Hamilton (Senior Statutory Auditor)
For and on behalf of Ward Williams

18 March 2022

Chartered Accountants
Statutory Auditor

Belgrave House
39-43 Monument Hill
Weybridge
Surrey
KT13 8RN

RIXO LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	10,289,188	10,620,003
Cost of sales		(3,774,607)	(4,307,453)
Gross profit		<u>6,514,581</u>	<u>6,312,550</u>
Administrative expenses		(3,058,931)	(2,090,920)
Other operating income		83,992	-
Operating profit		<u>3,539,642</u>	<u>4,221,630</u>
Interest receivable and similar income	7	3	4,676
Interest payable and similar expenses	8	(914)	(21,220)
Profit before taxation		<u>3,538,731</u>	<u>4,205,086</u>
Tax on profit	9	(677,014)	(814,782)
Profit for the financial year		<u><u>2,861,717</u></u>	<u><u>3,390,304</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RIXO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
Profit for the year	2,861,717	3,390,304
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,861,717</u>	<u>3,390,304</u>

RIXO LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		311,030		230,629
Tangible assets	12		178,528		133,339
			<u>489,558</u>		<u>363,968</u>
Current assets					
Stocks	13	924,999		1,197,991	
Debtors	14	1,033,078		517,816	
Cash at bank and in hand		6,685,661		4,075,510	
		<u>8,643,738</u>		<u>5,791,317</u>	
Creditors: amounts falling due within one year	15	<u>(2,238,865)</u>		<u>(1,745,397)</u>	
Net current assets			<u>6,404,873</u>		<u>4,045,920</u>
Total assets less current liabilities			<u>6,894,431</u>		<u>4,409,888</u>
Creditors: amounts falling due after more than one year	16		-		(100,000)
Provisions for liabilities					
Deferred tax liability	18	93,016	(93,016)	69,245	(69,245)
Net assets			<u><u>6,801,415</u></u>		<u><u>4,240,643</u></u>
Capital and reserves					
Called up share capital	20		100		100
Profit and loss reserves			6,801,315		4,240,543
Total equity			<u><u>6,801,415</u></u>		<u><u>4,240,643</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15 March 2022 and are signed on its behalf by:

Miss O McCloskey
Director

Company Registration No. 09424938

RIXO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 July 2019	100	6,675,239	6,675,339
Year ended 30 June 2020:			
Profit and total comprehensive income for the year	-	3,390,304	3,390,304
Dividends	10	(5,825,000)	(5,825,000)
		<hr/>	<hr/>
Balance at 30 June 2020	100	4,240,543	4,240,643
Year ended 30 June 2021:			
Profit and total comprehensive income for the year	-	2,861,717	2,861,717
Dividends	10	(300,945)	(300,945)
		<hr/>	<hr/>
Balance at 30 June 2021	100	6,801,315	6,801,415
		<hr/> <hr/>	<hr/> <hr/>

RIXO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	4,182,505		6,495,933	
Interest paid		(914)		(21,220)	
Income taxes paid		(820,442)		(634,547)	
Net cash inflow from operating activities		<u>3,361,149</u>		<u>5,840,166</u>	
Investing activities					
Purchase of intangible assets		(208,636)		(250,335)	
Purchase of tangible fixed assets		(141,630)		(113,675)	
Proceeds on disposal of tangible fixed assets		210		-	
Interest received		3		4,676	
Net cash used in investing activities		<u>(350,053)</u>		<u>(359,334)</u>	
Financing activities					
Repayment of borrowings		(100,000)		100,000	
Dividends paid		(300,945)		(5,825,000)	
Net cash used in financing activities		<u>(400,945)</u>		<u>(5,725,000)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>2,610,151</u>		<u>(244,168)</u>	
Cash and cash equivalents at beginning of year		4,075,510		4,319,678	
Cash and cash equivalents at end of year		<u><u>6,685,661</u></u>		<u><u>4,075,510</u></u>	

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Rixo Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 & 2 Barrel Yard, Vinery Way, Hammersmith, London, W6 0LQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have carefully considered the impact of Covid-19 on the company's financial position, liquidity and future performance. Rixo has a strong online presence relative to physical stores, and this has helped the business trade through this period. The business has also ensured careful monitoring of the risk and potential impact of the pandemic in other countries on its product supply and in this way has avoided shortages. Therefore, as set out in the strategic report, the company has continued to trade robustly throughout the Covid-19 pandemic and the directors believe that it will continue to experience good level of sales growth and profitability in the longer term. Therefore, the directors believe that the company is well placed to manage its business risks successfully. Accordingly, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
----------	-----------------------

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Writing Down Value
Computer equipment	33 % Straight Line
Motor vehicles	25% Writing Down Value

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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.

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

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.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Sales of goods	10,289,188	10,620,003

	2021	2020
	£	£
Turnover analysed by geographical market		
UK	5,719,225	5,981,622
Europe	1,810,610	2,052,693
Rest of the world	2,759,353	2,585,688
	10,289,188	10,620,003

	2021	2020
	£	£
Other significant revenue		
Interest income	3	4,676
Grants received	83,992	-

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,500	-

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	56	37

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,443,815	1,119,836
Social security costs	122,862	103,861
Pension costs	20,753	13,484
	<u>1,587,430</u>	<u>1,237,181</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	24,000	24,000

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	3	4,546
Other interest income	-	130
Total income	<u>3</u>	<u>4,676</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on Director loan	-	21,220
Other interest	914	-
	<u>914</u>	<u>21,220</u>

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Taxation	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	653,243	745,537
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	23,771	69,245
	<u> </u>	<u> </u>
Total tax charge	677,014	814,782
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	3,538,731	4,205,086
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	672,359	798,966
Tax effect of expenses that are not deductible in determining taxable profit	27,725	2,095
Permanent capital allowances in excess of depreciation	(65,111)	(69,165)
Depreciation on assets not qualifying for tax allowances	18,270	9,897
Amortisation on assets not qualifying for tax allowances	-	3,744
Deferred tax adjustments in respect of prior years	23,771	69,245
	<u> </u>	<u> </u>
Taxation charge for the year	677,014	814,782
	<u> </u>	<u> </u>
10 Dividends	2021	2020
	£	£
Interim paid	300,945	5,825,000
	<u> </u>	<u> </u>

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11 Intangible fixed assets

	Software £
Cost	
At 1 July 2020	250,335
Additions	208,636
	<u>458,971</u>
At 30 June 2021	458,971
Amortisation and impairment	
At 1 July 2020	19,706
Amortisation charged for the year	128,235
	<u>147,941</u>
At 30 June 2021	147,941
Carrying amount	
At 30 June 2021	<u>311,030</u>
At 30 June 2020	<u>230,629</u>

12 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2020	51,016	55,238	105,706	211,960
Additions	125,447	16,183	-	141,630
Disposals	(285)	-	-	(285)
	<u>176,178</u>	<u>71,421</u>	<u>105,706</u>	<u>353,305</u>
At 30 June 2021	176,178	71,421	105,706	353,305
Depreciation and impairment				
At 1 July 2020	11,413	36,617	30,591	78,621
Depreciation charged in the year	44,180	16,789	35,235	96,204
Eliminated in respect of disposals	(48)	-	-	(48)
	<u>55,545</u>	<u>53,406</u>	<u>65,826</u>	<u>174,777</u>
At 30 June 2021	55,545	53,406	65,826	174,777
Carrying amount				
At 30 June 2021	<u>120,633</u>	<u>18,015</u>	<u>39,880</u>	<u>178,528</u>
At 30 June 2020	<u>39,603</u>	<u>18,621</u>	<u>75,115</u>	<u>133,339</u>

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

13 Stocks		2021	2020
		£	£
Finished goods and goods for resale		924,999	1,197,991
		<u> </u>	<u> </u>
14 Debtors		2021	2020
Amounts falling due within one year:		£	£
Trade debtors		772,136	339,423
Other debtors		243,927	162,786
Prepayments and accrued income		17,015	15,607
		<u> </u>	<u> </u>
		1,033,078	517,816
		<u> </u>	<u> </u>
15 Creditors: amounts falling due within one year		2021	2020
		£	£
Trade creditors		1,353,041	949,856
Corporation tax		230,600	397,799
Other taxation and social security		126,708	39,515
Other creditors		126,761	124,052
Accruals and deferred income		401,755	234,175
		<u> </u>	<u> </u>
		2,238,865	1,745,397
		<u> </u>	<u> </u>
16 Creditors: amounts falling due after more than one year		2021	2020
	Notes	£	£
Other borrowings	17	-	100,000
		<u> </u>	<u> </u>
17 Loans and overdrafts		2021	2020
		£	£
Other loans		-	100,000
		<u> </u>	<u> </u>
Payable after one year		-	100,000
		<u> </u>	<u> </u>

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
Balances:	£	£
Accelerated capital allowances	93,016	69,245
	<u> </u>	<u> </u>
		2021
Movements in the year:		£
Liability at 1 July 2020		69,245
Other		23,771
		<u> </u>
Liability at 30 June 2021		93,016
		<u> </u>

19 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	20,753	13,484
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021	2020
Ordinary share capital Issued and fully paid	£	£
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

21 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	293,850	219,058
Between two and five years	852,400	-
In over five years	716,022	-
	<u> </u>	<u> </u>
	1,862,272	219,058
	<u> </u>	<u> </u>

RIXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

22 Ultimate controlling party

The company is a wholly owned subsidiary of Orletta Limited, a company registered in England and Wales.

23 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	2,861,717	3,390,304
Adjustments for:		
Taxation charged	677,014	814,782
Finance costs	914	21,220
Investment income	(3)	(4,676)
Loss on disposal of tangible fixed assets	75	-
Amortisation and impairment of intangible assets	128,235	19,706
Depreciation and impairment of tangible fixed assets	96,156	52,568
Movements in working capital:		
Decrease/(increase) in stocks	272,992	(677,142)
(Increase)/decrease in debtors	(515,262)	2,858,690
Increase in creditors	660,667	20,481
Cash generated from operations	<u>4,182,505</u>	<u>6,495,933</u>

24 Analysis of changes in net funds

	1 July 2020	Cash flows	30 June 2021
	£	£	£
Cash at bank and in hand	4,075,510	2,610,151	6,685,661
Borrowings excluding overdrafts	(100,000)	100,000	-
	<u>3,975,510</u>	<u>2,710,151</u>	<u>6,685,661</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.