

Company Registration No. 05910826 (England and Wales)

Southgate Global Limited

**Annual report and financial statements
for the year ended 31 December 2020**



Southgate Global Limited

Company information

Directors	Stephen Turner Charles McIntyre Clive Turner Craig Turner Dale Turner George Turner Marcus Turner
Secretary	Stephen Turner
Company number	05910826
Registered office	Sterling House Hamlin Way Hardwick Narrows Industrial Estate Kings Lynn Norfolk PE30 4NG
Independent auditor	Saffery Champness LLP Suite C, Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG

Southgate Global Limited

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Southgate Global Limited

Strategic report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal activity

The company's principal activity is the innovation and supply of equipment and materials to the industrial packaging and fulfilment sectors.

Business review

The company experienced an increase in turnover of 90%. Some of the factors contributing this growth were increasing its customer base and the full year effects of the acquisition of the Packaging Aids Limited trade and assets in September 2019. Whilst we experienced cost pressures in raw material increases and foreign exchange fluctuation, the company has been able to increase its margin to 22% (2019 - 18%) due to its global sourcing capabilities, change of product mix and experience of maximising operational efficiencies.

The company has achieved an 313% increase (before tax) in operating profits due to a significant increase in turnover, maintaining margin and tight control of overhead expenses.

Principal risks and uncertainties and use of financial statements

The directors consider that the company has a similar risk profile to those faced by other companies in the sector, principally the commercial risk of not retaining the loyalty of key customers and suppliers. Considerable emphasis is devoted to maintaining service levels with customers and working closely with suppliers on logistical and quality issues to ensure that high levels of performance is achieved.

Whilst the group has been experiencing the effects of the Covid-19 pandemic post year end, this has led to opportunities to bring new products to market and in certain product groups has driven increases in revenue and profitability. Through its involvement in the e-commerce supply chain, the group has benefited from partnerships with key internet-based B2C suppliers of consumer goods. Furthermore, the significant investment in prior years, into building its people, logistic hubs, infrastructure, technology and systems, has enabled the company to be in position to be able to sustain growth in a time of economic uncertainty.

The company does not actively use financial instruments as part of its financial risk management. The company continues to face risks associated with foreign currency rate movements and continually monitors exchange rates to assess the most cost-effective way of mitigating this risk. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through tight credit control procedures.

Financial key performance indicators

In common with the majority of commercial organisations, the group measures its performance in the critical areas of turnover, gross margin, net profit, working capital and cash flow.

Turnover rose by 90%, gross margin increased to 22% in the year (2019 - 18%). The growth in revenue has enabled the company to have the capabilities to fund its growth in 2020 and for the foreseeable future. There are sufficient cash reserves to meet all its financial commitments.

Southgate Global Limited

Strategic report (continued)

For the year ended 31 December 2020

Other key performance indicators

The other key performance indicators that the company use is operational (staff retention and motivation) and from a customer service perspective (customer feedback and retention and new customers).

The directors consider that the company has met the KPI targets in the year and look forward to the planned ongoing development of the business. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Future developments

Although the pressures on gross profit percentage remain, going forward the company has carried out a strategic review of its business and is confident the company will continue its revenue growth whilst still maintaining current gross profit percentage. This is to be met through a mixture of increasing the customer base and adjustments to the product mix, efficiency savings and through control of overheads.

The company has and continues to invest in research and development to maintain the diversity and quality of its product base.

The directors consider that the company is well placed to take advantage of opportunities in the market as they arise. In particular, the directors consider that the group has a strong customer base and supply chain.

On behalf of the board



Stephen Turner
Director

24 June 2021

Southgate Global Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of supply of equipment and materials to the industrial packaging and fulfilment sectors.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £776,504. The directors do not recommend payment of a further dividend.

Directors

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

Stephen Turner
Charles McIntyre
Clive Turner
Craig Turner
Dale Turner
George Turner
Marcus Turner

Auditor

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 the directors are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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Directors' report (continued)

For the year ended 31 December 2020

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

Information set out in strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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.

On behalf of the board



Stephen Turner
Director

24 June 2021

Southgate Global Limited

Independent auditor's report

To the members of Southgate Global Limited

Opinion

We have audited the financial statements of Southgate Global Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Southgate Global Limited

Independent auditor's report (continued)

To the members of Southgate Global Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 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 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Southgate Global Limited

**Independent auditor's report (continued)
To the members of Southgate Global Limited**

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.



**Simon Hall (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP**

24 June 2021

**Chartered Accountants
Statutory Auditors**

Suite C, Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

Southgate Global Limited

Statement of comprehensive income
For the year ended 31 December 2020

		2020	2019
	Notes	£	£
Turnover	3	63,334,974	33,419,730
Cost of sales		(49,232,948)	(27,397,323)
Gross profit		<u>14,102,026</u>	<u>6,022,407</u>
Administrative expenses		(4,245,987)	(3,633,296)
Operating profit	4	<u>9,856,039</u>	<u>2,389,111</u>
Interest payable and similar expenses	8	-	(1,681)
Profit before taxation		<u>9,856,039</u>	<u>2,387,430</u>
Tax on profit	9	(1,841,006)	(438,878)
Profit for the financial year		<u><u>8,015,033</u></u>	<u><u>1,948,552</u></u>

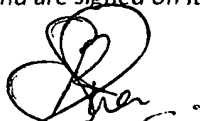
The income statement has been prepared on the basis that all operations are continuing operations.

Southgate Global Limited

Statement of financial position
As at 31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Goodwill	11		-		200,462
Other intangible assets	11		85,183		107,117
Total intangible assets			<u>85,183</u>		<u>307,579</u>
Current assets					
Stocks	12	10,223,297		8,143,819	
Debtors	13	17,196,386		14,119,817	
Cash at bank and in hand		3,723,809		205,491	
			<u>31,143,492</u>	<u>22,469,127</u>	
Creditors: amounts falling due within one year	14	(16,070,631)		(14,845,951)	
Net current assets			<u>15,072,861</u>		<u>7,623,176</u>
Total assets less current liabilities			<u>15,158,044</u>		<u>7,930,755</u>
Provisions for liabilities					
Deferred tax liability	15	-		11,240	(11,240)
Net assets			<u>15,158,044</u>		<u>7,919,515</u>
Capital and reserves					
Called up share capital	16		4		4
Profit and loss reserves			15,158,040		7,919,511
Total equity			<u>15,158,044</u>		<u>7,919,515</u>

The financial statements were approved by the board of directors and authorised for issue on 24 June 2021 and are signed on its behalf by:



Stephen Turner
Director

Company Registration No. 05910826

Southgate Global Limited

Statement of changes in equity
For the year ended 31 December 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		4	6,625,744	6,625,748
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	1,948,552	1,948,552
Dividends	10	-	(654,785)	(654,785)
Balance at 31 December 2019		4	7,919,511	7,919,515
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	8,015,033	8,015,033
Dividends	10	-	(776,504)	(776,504)
Balance at 31 December 2020		4	15,158,040	15,158,044

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Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies

Company information

Southgate Global Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sterling House, Hamlin Way, Hardwick Narrows Industrial Estate, Kings Lynn, Norfolk, PE30 4NG.

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Arpo Global Limited. These consolidated financial statements are available from Companies House.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors 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.

1 Accounting policies (continued)

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 - goodwill

Goodwill represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.5 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.

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:

Customer lists & intellectual property	10% straight line
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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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

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.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1 Accounting policies (continued)

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 statement of financial position 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, 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.

Basic financial liabilities

Basic financial liabilities, including loans from fellow group companies, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

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.

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 income statement 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.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 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.

2 Critical accounting 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.

Southgate Global Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Turnover and other revenue		
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	48,526,365	27,577,450
Rest of Europe	13,554,423	5,787,043
Rest of the world	1,254,186	55,237
	<u>63,334,974</u>	<u>33,419,730</u>
4 Operating profit		
	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(132,262)	41,988
Research and development costs	-	4,252
Amortisation of intangible assets	222,396	242,353
Impairment losses for bad and doubtful trade debtors	87,089	671
Operating lease charges	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
5 Auditor's remuneration		
	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements	12,500	12,500
	<u>12,500</u>	<u>12,500</u>
6 Employees		
Employee costs are borne by the parent company, Arpo Global Limited. Southgate Global Limited (formerly Southgate Packaging Limited) paid a management charge to the fellow group company for services received by relevant employees during the year.		
7 Directors' remuneration		
	2020	2019
	£	£
Remuneration for qualifying services	158,112	145,477
	<u>158,112</u>	<u>145,477</u>

Southgate Global Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

7 Directors' remuneration (continued)

In the current and prior years directors' remuneration in paid by another group company. The amount disclosed above is the amount apportioned for services to this company.

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	-	1,681
	<u> </u>	<u> </u>

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	1,852,246	427,638
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(12,562)	11,240
Changes in tax rates	1,322	-
	<u> </u>	<u> </u>
Total deferred tax	(11,240)	11,240
	<u> </u>	<u> </u>
Total tax charge	1,841,006	438,878
	<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:

	2020	2019
	£	£
Profit before taxation	9,856,039	2,387,430
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,872,647	453,612
Effect of change in corporation tax rate	1,322	-
Group relief	(20,401)	(73,097)
Amortisation on assets not qualifying for tax allowances	-	46,047
Other differences leading to an increase (decrease) in the tax charge	(12,562)	12,316
	<u> </u>	<u> </u>
Taxation charge for the year	1,841,006	438,878
	<u> </u>	<u> </u>

Southgate Global Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

10 Dividends

	2020 £	2019 £
Final paid	776,504	654,785

11 Intangible fixed assets

	Goodwill £	Customer lists & intellectual property £	Total £
Cost			
At 1 January 2020 and 31 December 2020	2,204,229	219,344	2,423,573
Amortisation and impairment			
At 1 January 2020	2,003,767	112,227	2,115,994
Amortisation charged for the year	200,462	21,934	222,396
At 31 December 2020	2,204,229	134,161	2,338,390
Carrying amount			
At 31 December 2020	-	85,183	85,183
At 31 December 2019	200,462	107,117	307,579

12 Stocks

	2020 £	2019 £
Finished goods and goods for resale	10,223,297	8,143,819

There is not a material difference between book value and replacement cost in the current or prior year.

An impairment loss in relation to provisions against stocks of £148,216 (2019: £10,883) has been recognised as an expense in the year.

Southgate Global Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	14,659,334	7,608,574
Amounts owed by group undertakings	-	5,778,045
Other debtors	2,537,052	733,198
	<u>17,196,386</u>	<u>14,119,817</u>

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	7,103,963	4,406,477
Amounts owed to group undertakings	2,735,072	9,666,366
Corporation tax	2,153,976	289,183
Other taxation and social security	78,610	-
Accruals and deferred income	3,999,010	483,925
	<u>16,070,631</u>	<u>14,845,951</u>

15 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Other timing differences	-	11,240
	<u>-</u>	<u>11,240</u>
Movements in the year:		2020
		£
Liability at 1 January 2020		11,240
Credit to profit or loss		(11,240)
		<u>-</u>
Liability at 31 December 2020		<u>-</u>

Southgate Global Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

15 Deferred taxation (continued)

16 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

17 Ultimate controlling party

The company is a wholly owned subsidiary of Arpo Global Limited. The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is Arpo Global Limited. The address of Arpo Global Limited's registered office is Hamlin Way, Kings Lynn, Norfolk, PE30 4NG.

The company is ultimately controlled by the Turner family. No one party has a controlling interest.