

Company Registration No. 08063321 (England and Wales)

DUFFELLS INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

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DUFFELLS INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	N Bartholomew A Kunes J Kunes
Company number	08063321
Registered office	Unit 3 Commerce Park 19 Commerce Way Croydon Surrey CR0 4YL
Auditor	RSM UK Audit LLP Chartered Accountants STC House 7 Elmfield Road Bromley Kent BR1 1LT

DUFFELLS INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Review of the Business

The group is a long established wholesale distributor of locks, security, ironmongery, UPVC repair and other specialist locking products to the UK and Ireland. Distribution of products takes place by courier following the day an order is placed by phone, fax, email or internet. They also have a trade counter where customer can collect items in person.

Management consider that the group is relied upon by their customers as they offer a very specialist range of products that is not readily available elsewhere in the market. The group also offers a technical support service and it is an affiliate member of the Master Locksmiths Association and GAI (Guild of Architectural Ironmongers)

Management's main objectives include seeking to expand the customer base of the group and consequently improve profitability and to perform their duties within the relevant laws and regulations. The group employed 90 staff at the end of 2016.

Principal risks and uncertainties

The principal risks and uncertainties that the group faces are considered by management to be as follows:

Economic downturn - management acknowledges that it is important to maintain a close relationship with its key customers so that early signs of financial difficulties may be identified. Sales trends are also reviewed periodically so that early action can be taken in case of a decline in sales.

Financial risk – as customers face their own economic challenges, there is an increased risk to late payment and bad debt. The company takes steps to ensure that adequate cash flow is available to ensure that these risks can be managed.

Competition - it is considered that the market in which the group operates is very competitive. In order to manage this particular risk the group provides quality service together with an extensive stock range and maintains a strong relationship with its key customers.

Reliance on key suppliers - the group's purchasing activities could expose it to over reliance on some suppliers. This risk is managed by having a wide supplier base.

Loss of key personnel - to avoid the operational difficulties that may be caused by this risk management seek to ensure that key employees are appropriately remunerated.

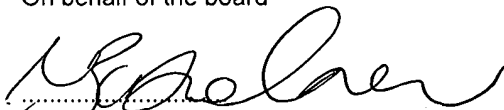
Key Performance Indicators

As a result of our continued strategic focuses on product ranges and continued improvements to our service and offerings our turnover has increased by 8% from 2015 sales of £13,357,394, to £14,453,860 in 2016.

Our stock turn has increased by 0.3 days compared with 2015 as we have invested in new product ranges and increased stock levels of existing products to ensure that we can achieve a larger number of next day deliveries.

Our customer performance as measured by the ratio of credit notes against invoices has improved by 0.76% because of our continued efforts to improve processes and staff training.

On behalf of the board



N Bartholomew

Director

21 August 2017

DUFFELLS INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of a holding company. The group's activities cover wholesale distribution of locks, security, ironmongery, UPVC repair and other specialist locking products to the UK and Ireland.

Directors

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

N Bartholomew
A Kunes
J Kunes

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £160,000 (2015: £160,000). The directors do not recommend payment of a final dividend (2015: £nil).

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

Information is not shown within this Directors' Report as it is instead included within the Strategic Report on page 1 under S414c(11).

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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



N Bartholomew

Director

21 August 2017

DUFFELLS INVESTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and the Directors' 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 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 group and company will continue in business.

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. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUFFELLS INVESTMENTS LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Richard Coates (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
STC House
7 Elmfield Road
Bromley
Kent, BR1 1LT
23 August 2017

DUFFELLS INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	14,453,860	13,357,394
Cost of sales		(11,052,661)	(10,422,825)
Gross profit		3,401,199	2,934,569
Administrative expenses		(2,822,431)	(2,619,556)
Operating profit	6	578,768	315,013
Interest payable and similar expenses	8	(58,851)	(57,057)
Profit before taxation		519,917	257,956
Taxation	9	(150,966)	(103,437)
Profit for the financial year	24	368,951	154,519

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

DUFFELLS INVESTMENTS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11		1,309,942		1,499,977
Tangible assets	12		356,653		441,373
			<u>1,666,595</u>		<u>1,941,350</u>
Current assets					
Stocks	15	1,467,096		1,373,712	
Debtors	16	2,005,725		1,809,108	
Cash at bank and in hand		2,898		1,734	
		<u>3,475,719</u>		<u>3,184,554</u>	
Creditors: amounts falling due within one year	17	(4,261,644)		(3,637,917)	
Net current liabilities			<u>(785,925)</u>		<u>(453,363)</u>
Total assets less current liabilities			<u>880,670</u>		<u>1,487,987</u>
Creditors: amounts falling due after more than one year	18		(700,000)		(1,050,000)
Provisions for liabilities	21		(39,638)		(46,134)
Net assets			<u>141,032</u>		<u>391,853</u>
Capital and reserves					
Called up share capital	23		100		100
Share premium account	24		-		459,772
Profit and loss reserves	24		140,932		(68,019)
Total equity			<u>141,032</u>		<u>391,853</u>

The financial statements were approved by the board of directors and authorised for issue on 21 August 2017 and are signed on its behalf by:



N Bartholomew
Director

DUFFELLS INVESTMENTS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	13	2,583,360		2,583,360	
Creditors: amounts falling due within one year	17	<u>(1,883,260)</u>		<u>(1,073,488)</u>	
Net current liabilities		<u>(1,883,260)</u>		<u>(1,073,488)</u>	
Total assets less current liabilities		700,100		1,509,872	
Creditors: amounts falling due after more than one year	18	(700,000)		(1,050,000)	
Net assets		<u>100</u>		<u>459,872</u>	
Capital and reserves					
Called up share capital	23	100		100	
Share premium account	24	-		459,772	
Total equity		<u>100</u>		<u>459,872</u>	

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £160,000 (2015: £60,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 August 2017 and are signed on its behalf by:


 N Bartholomew
 Director

DUFFELLS INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015		100	459,772	(62,538)	397,334
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	154,519	154,519
Dividends	10	-	-	(160,000)	(160,000)
Balance at 31 December 2015		100	459,772	(68,019)	391,853
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	368,951	368,951
Dividends	10	-	-	(160,000)	(160,000)
Other movements		-	(459,772)	-	(459,772)
Balance at 31 December 2016		100	-	140,932	141,032

DUFFELLS INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015		100	459,772	100,000	559,872
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	60,000	60,000
Dividends	10	-	-	(160,000)	(160,000)
Balance at 31 December 2015		100	459,772	-	459,872
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	160,000	160,000
Dividends	10	-	-	(160,000)	(160,000)
Other		-	(459,772)	-	(459,772)
Balance at 31 December 2016		100	-	-	100

DUFFELLS INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,143,556		794,801	
Interest paid		(58,851)		(57,057)	
Income taxes paid		(103,062)		(92,499)	
Net cash inflow from operating activities		981,643		645,245	
Investing activities					
Purchase of tangible fixed assets		(44,966)		(86,149)	
Proceeds from other investments and loans		-		297,977	
Net cash (used in)/generated from investing activities		(44,966)		211,828	
Financing activities					
Capital distribution		(459,772)		-	
Proceeds from borrowings		43,241		-	
Repayment of borrowings		(350,000)		(706,388)	
Dividends paid to equity shareholders		(160,000)		(160,000)	
Net cash used in financing activities		(926,531)		(866,388)	
Net increase/(decrease) in cash and cash equivalents		10,146		(9,315)	
Cash and cash equivalents at beginning of year		(7,248)		2,067	
Cash and cash equivalents at end of year		2,898		(7,248)	
Relating to:					
Cash at bank and in hand		2,898		1,734	
Bank overdrafts included in creditors payable within one year		-		(8,982)	

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Duffells Investments Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is Unit 3, Commerce Park, 19 Commerce Way, Croydon, Surrey, CR0 4YL.

The group consists of Duffells Investments Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

The consolidated financial statements incorporate those of Duffells Investments Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

After making reasonable enquiries, the board of directors consider that the group has adequate resources to continue its operations for the foreseeable future and therefore these financial statements have been prepared on a going concern basis.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Turnover

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

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.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets 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.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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:

Leasehold improvements	Over lease term of 10 years
Plant and machinery	25% Reducing balance
Fixtures, fittings and equipment	25% Reducing balance
Computer equipment	20% Straight line

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments 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.

Financial instruments

The group 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 when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

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.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, financed receivables and 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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Financed receivables

Trade debtors are subject to a financing agreement whereby an advance is received upon and secured against trade receivables.

Where the company had retained significant benefits and risks relating to the financed debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advanced received are shown separately on the balance sheet, the interest element of the finance charge is recognised as it accrues and is included in the profit and loss account with other interest charges.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

The directors do not consider that there are any areas of key judgements or estimation uncertainty within the group financial statements.

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover analysed by class of business		
Sale of goods	14,453,860	13,357,394
	<u>14,453,860</u>	<u>13,357,394</u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	14,453,860	13,357,394
	<u>14,453,860</u>	<u>13,357,394</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Employees

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

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Directors	3	3	-	-
Office	51	47	-	-
Warehouse	34	34	-	-
	<u>88</u>	<u>84</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	2,057,566	1,925,544	-	-
Social security costs	159,425	149,228	-	-
Pension costs	19,520	27,693	-	-
	<u>2,236,511</u>	<u>2,102,465</u>	<u>-</u>	<u>-</u>

5 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>24,468</u>	<u>103,964</u>

6 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	5,523	1,728
Depreciation of owned tangible fixed assets	124,975	152,302
Loss on disposal of tangible fixed assets	4,711	7,671
Amortisation of intangible assets	190,035	190,035
Cost of stocks recognised as an expense	9,271,340	8,779,408
Operating lease charges	<u>209,092</u>	<u>162,761</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,500	2,250
Audit of the company's subsidiaries	15,000	15,250
	<u>16,500</u>	<u>17,500</u>

8 Interest payable and similar expenses

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	52	7
Interest on invoice finance arrangements	57,052	56,068
	<u>57,104</u>	<u>56,075</u>
Other finance costs:		
Other interest	1,747	982
	<u>58,851</u>	<u>57,057</u>

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	158,301	103,901
Adjustments in respect of prior periods	(839)	7,628
	<u>157,462</u>	<u>111,529</u>
Deferred tax		
Origination and reversal of timing differences	(6,496)	(8,092)
	<u>150,966</u>	<u>103,437</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	519,917	257,956
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	103,983	52,236
Tax effect of expenses that are not deductible in determining taxable profit	42,274	42,083
Adjustments in respect of prior years	(839)	7,628
Other permanent differences	-	(18)
Tax at marginal rate	-	(122)
Deferred tax adjusted to average rate	(1,869)	(5,089)
Capital allowances less than depreciation	7,417	6,719
Taxation for the year	150,966	103,437

10 Dividends

	2016 £	2015 £
Interim paid	160,000	160,000

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	1,900,352
Amortisation and impairment	
At 1 January 2016	400,375
Amortisation charged for the year	190,035
At 31 December 2016	590,410
Carrying amount	
At 31 December 2016	1,309,942
At 31 December 2015	1,499,977

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Tangible fixed assets

Group	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2016	313,188	263,045	102,315	350,335	1,028,883
Additions	-	2,786	2,775	39,405	44,966
Disposals	-	(1,714)	(8,905)	(20,789)	(31,408)
At 31 December 2016	313,188	264,117	96,185	368,951	1,042,441
Depreciation and impairment					
At 1 January 2016	139,608	158,771	62,874	226,257	587,510
Depreciation charged in the year	31,320	27,519	9,608	56,528	124,975
Eliminated in respect of disposals	-	(781)	(5,127)	(20,789)	(26,697)
At 31 December 2016	170,928	185,509	67,355	261,996	685,788
Carrying amount					
At 31 December 2016	142,260	78,608	28,830	106,955	356,653
At 31 December 2015	173,580	104,274	39,441	124,078	441,373

The company had no tangible fixed assets at 31 December 2016 or 31 December 2015.

13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	2,583,360	2,583,360

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 and 31 December 2016	2,583,360
Carrying amount	
At 31 December 2016	2,583,360
At 31 December 2015	2,583,360

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
M. E. Duffell Limited	a)	Wholesale of security products	Ordinary	100.00	

a) Unit 3, Commerce Park, 19 Commerce Way, Croydon, Surrey, CR0 4YL

15 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	1,467,096	1,373,712	-	-

16 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	1,757,388	1,580,855	-	-
Other debtors	125,945	133,814	-	-
Prepayments and accrued income	122,392	94,439	-	-
	2,005,725	1,809,108	-	-

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

17 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	19	-	8,982	-	-
Other borrowings	19	350,000	350,000	350,000	350,000
Trade creditors		2,077,548	1,914,868	-	-
Financed receivables		1,050,565	1,007,324	-	-
Amounts due to group undertakings		-	-	1,533,260	723,488
Corporation tax payable		158,301	103,901	-	-
Other taxation and social security		154,416	120,915	-	-
Other creditors		435,241	85,231	-	-
Accruals and deferred income		35,573	46,696	-	-
		<u>4,261,644</u>	<u>3,637,917</u>	<u>1,883,260</u>	<u>1,073,488</u>

Financed receivables totalling £1,050,565 (2015: £1,007,324) are secured by way of a fixed and floating charge over the assets of the group.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Other borrowings	19	<u>700,000</u>	<u>1,050,000</u>	<u>700,000</u>	<u>1,050,000</u>

19 Borrowings

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank overdrafts	-	8,982	-	-
Other loans	<u>1,050,000</u>	<u>1,400,000</u>	<u>1,050,000</u>	<u>1,400,000</u>
	<u>1,050,000</u>	<u>1,408,982</u>	<u>1,050,000</u>	<u>1,400,000</u>
Payable within one year	350,000	358,982	350,000	350,000
Payable after one year	<u>700,000</u>	<u>1,050,000</u>	<u>700,000</u>	<u>1,050,000</u>

Bank overdrafts of £Nil (2015: £8,982) are secured by a debenture and a fixed and floating charge given by the group to Barclays Bank plc.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Borrowings (Continued)

Included within other loans are loan notes totalling £1,050,000 (2015: £1,400,000) relating to the acquisition of M.E. Duffell Limited. The loan notes are redeemable by way of annual dividends to the extent that the profits are available for distribution. These loans are interest free and repayable in full by 2023.

20 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,883,333	1,714,669	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	4,648,927	4,463,101	2,583,260	2,123,488

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	39,638	46,134

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 January 2016	46,134	-
Charge to profit or loss	(6,496)	-
Liability at 31 December 2016	39,638	-

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	19,520	27,693

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £576 (2015: £546) were payable to the fund at the year end and are included in creditors.

23 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

The company's ordinary shares carry no right to fixed income and a right to one vote at general meetings.

24 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

25 Cash generated from group operations

	2016	2015
	£	£
Profit for the year after tax	368,951	154,519
Adjustments for:		
Taxation charged	150,966	103,437
Finance costs	58,851	57,057
Loss on disposal of tangible fixed assets	4,711	7,671
Amortisation and impairment of intangible assets	190,035	190,035
Depreciation and impairment of tangible fixed assets	124,975	152,302
Movements in working capital:		
(Increase) in stocks	(93,384)	(155,325)
(Increase) in debtors	(196,617)	(80,088)
Increase in creditors	535,068	365,193
Cash generated from operations	1,143,556	794,801

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

26 Operating lease commitments

Lessee

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

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	190,987	183,604	-	-
Between one and five years	395,640	549,122	-	-
	<u>586,627</u>	<u>732,726</u>	<u>-</u>	<u>-</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	<u>24,182</u>	<u>114,064</u>

28 Directors' transactions

Dividends totalling £144,000 (2015: £144,000) were paid in the year in respect of shares held by the company's directors.

The directors provided loans to the company during the year. The movement on these loans are as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors' loan account	5.00	2,295	561,947	(359,628)	204,614
		<u>2,295</u>	<u>561,947</u>	<u>(359,628)</u>	<u>204,614</u>

29 Controlling party

The directors are considered to be the overall controlling party due to their majority shareholding.