

DUFFELLS INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



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 2018

The directors present the strategic report for the year ended 31 December 2018.

Review of the Business and future developments

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. The group also has a trade counter where customer can collect items in person.

Management consider that the group is relied on 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 93 staff at the end of 2018.

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 group 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 company operates is very competitive. In order to manage this particular risk the company 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 5.58% from 2017 sales of £15.7m to £16.6m in 2018. Operating profit has reduced from £283k to £153k as we continue to invest in product ranges and our staff.

Our stock turn has increased by 2 days compared to 2017 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 is up by a marginal 0.07% and we continue our efforts to improve processes and staff training.

On behalf of the board



N Bartholomew

Director

Date: 23.08.19

DUFFELLS INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and financial statements for the year ended 31 December 2018.

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 Kuless

J Kuless

Results and dividends

The results for the year are set out on page 6.

Interim dividends were paid in the year amounting to £370,000 (2017: £100,000). The directors do not recommend payment of a final dividend (2017: £Nil)

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

Future developments are not shown within this Directors' Report as they are instead included within the Strategic Report on page 1 under S414c(11).

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, each director has taken all the necessary steps that they ought to have taken as a director 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

Date: 23.08.19

DUFFELLS INVESTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

We have audited the financial statements of Duffells Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

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

9 September 2019

DUFFELLS INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 £	2017 £
	Notes		
Turnover	3	16,614,629	15,736,177
Cost of sales		(13,394,887)	(12,348,105)
Gross profit		3,219,742	3,388,072
Administrative expenses		(3,066,482)	(3,105,375)
Operating profit	6	153,260	282,697
Interest receivable and similar income	8	7	-
Interest payable and similar expenses	9	(63,360)	(62,089)
Profit before taxation		89,907	220,608
Tax on profit	10	(59,037)	(88,659)
Profit for the financial year		30,870	131,949

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 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	12		929,872		1,119,907
Tangible assets	13		257,943		296,008
			<u>1,187,815</u>		<u>1,415,915</u>
Current assets					
Stocks	16	1,883,924		2,249,146	
Debtors	17	2,119,059		2,105,704	
Cash at bank and in hand		4,783		3,419	
		<u>4,007,766</u>		<u>4,358,269</u>	
Creditors: amounts falling due within one year	18	(5,328,008)		(5,214,322)	
Net current liabilities			<u>(1,320,242)</u>		<u>(856,053)</u>
Total assets less current liabilities			<u>(132,427)</u>		<u>559,862</u>
Creditors: amounts falling due after more than one year	19		-		(350,000)
Provisions for liabilities	22		(33,722)		(36,881)
Net (liabilities)/assets			<u>(166,149)</u>		<u>172,981</u>
Capital and reserves					
Called up share capital	24		100		100
Profit and loss reserves	25		(166,249)		172,881
Total equity			<u>(166,149)</u>		<u>172,981</u>

The financial statements were approved by the board of directors and authorised for issue on 23.08.19 and are signed on its behalf by:



N Bartholomew
Director

DUFFELLS INVESTMENTS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	14	2,583,360		2,583,360	
Current assets		-		-	
Creditors: amounts falling due within one year	18	(2,583,260)		(2,233,260)	
Net current liabilities		(2,583,260)		(2,233,260)	
Total assets less current liabilities		100		350,100	
Creditors: amounts falling due after more than one year	19	-		(350,000)	
Net assets		100		100	
Capital and reserves					
Called up share capital	24	100		100	

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 £370,000 (2017: £100,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 23.08.19 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 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		100	140,932	141,032
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	131,949	131,949
Dividends	11	-	(100,000)	(100,000)
Balance at 31 December 2017		100	172,881	172,981
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	30,870	30,870
Dividends	11	-	(370,000)	(370,000)
Balance at 31 December 2018		100	(166,249)	(166,149)

DUFFELLS INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		100	-	100
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	100,000	100,000
Dividends	11	-	(100,000)	(100,000)
Balance at 31 December 2017		100	-	100
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	370,000	370,000
Dividends	11	-	(370,000)	(370,000)
Balance at 31 December 2018		100	-	100

DUFFELLS INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,209,284		165,344	
Interest paid		(63,360)		(62,089)	
Income taxes paid		(90,509)		(158,449)	
Net cash inflow/(outflow) from operating activities		1,055,415		(55,194)	
Investing activities					
Purchase of tangible fixed assets		(47,877)		(26,458)	
Interest received		7		-	
Net cash used in investing activities		(47,870)		(26,458)	
Financing activities					
(Repayments)/Proceeds from other borrowings		(478,603)		549,075	
Repayment of borrowings		(278,862)		(379,388)	
Dividends paid to equity shareholders		(370,000)		(100,000)	
Net cash (used in)/generated from financing activities		(1,127,465)		69,687	
Net decrease in cash and cash equivalents		(119,920)		(11,965)	
Cash and cash equivalents at beginning of year		(9,067)		2,898	
Cash and cash equivalents at end of year		(128,987)		(9,067)	
Relating to:					
Cash at bank and in hand		4,783		3,419	
Bank overdrafts included in creditors payable within one year		(133,770)		(12,486)	

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 Strategic Report and 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 and group. 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 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 2018. 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 company and the group have adequate resources to continue its operations for the foreseeable future and therefore these financial statements have been prepared on a going concern basis.

Turnover

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

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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.

Tangible fixed assets

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

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

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

A full year of depreciation is recognised in the year of acquisition.

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.

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.

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.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand 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.

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.

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.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors (including accruals), 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.

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.

Termination benefits are recognised immediately as an expense when the group 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 other creditors or other debtors.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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 leased asset are consumed.

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.

All translation differences are taken to profit or loss.

Financed receivables

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

Where the group 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 if 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:

	2018 £	2017 £
Turnover analysed by class of business		
Sale of goods	16,614,629	15,736,177
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom and Ireland	16,614,629	15,736,177
	<u> </u>	<u> </u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Directors	3	3	3	3
Office	57	60	-	-
Warehouse	37	34	-	-
	<u>97</u>	<u>97</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,461,458	2,342,006	-	-
Social security costs	214,795	190,188	-	-
Pension costs	34,920	19,134	-	-
	<u>2,711,173</u>	<u>2,551,328</u>	<u>-</u>	<u>-</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>24,583</u>	<u>24,989</u>

6 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(700)	(303)
Depreciation of owned tangible fixed assets	85,942	84,774
Loss on disposal of tangible fixed assets	-	2,329
Amortisation of intangible assets	190,035	190,035
Cost of stocks recognised as an expense	11,297,562	10,440,262
Operating lease charges	<u>226,091</u>	<u>196,600</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	1,600	1,550
Audit of the financial statements of the company's subsidiaries	15,900	15,450
	<u>17,500</u>	<u>17,000</u>

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Other interest income	7	-
	<u>7</u>	<u>-</u>

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	21	9
Interest on invoice finance arrangements	63,339	62,080
	<u>63,360</u>	<u>62,089</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	61,646	91,268
Adjustments in respect of prior periods	550	148
	<u>62,196</u>	<u>91,416</u>
Deferred tax		
Origination and reversal of timing differences	(3,159)	(2,757)
	<u>59,037</u>	<u>88,659</u>
Total tax charge for the year		
	<u>59,037</u>	<u>88,659</u>

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:

	2018 £	2017 £
Profit before taxation	<u>89,907</u>	<u>220,608</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	17,082	42,459
Tax effect of expenses that are not deductible in determining taxable profit	38,812	38,958
Adjustments in respect of prior years	550	148
Other tax adjustments	(778)	620
Deferred tax adjusted to average rate	280	446
Capital allowances less than depreciation	3,091	6,028
	<u>59,037</u>	<u>88,659</u>
Taxation charge for the year		
	<u>59,037</u>	<u>88,659</u>

11 Dividends

	2018 £	2017 £
Interim paid	<u>370,000</u>	<u>100,000</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	1,900,352
Amortisation and impairment	
At 1 January 2018	780,445
Amortisation charged for the year	190,035
At 31 December 2018	970,480
Carrying amount	
At 31 December 2018	929,872
At 31 December 2017	1,119,907

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

13 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 January 2018	313,188	268,066	93,443	388,682	1,063,379
Additions	1,407	14,585	7,955	23,930	47,877
At 31 December 2018	314,595	282,651	101,398	412,612	1,111,256
Depreciation and impairment					
At 1 January 2018	202,248	206,156	71,483	287,484	767,371
Depreciation charged in the year	31,461	19,379	7,636	27,466	85,942
At 31 December 2018	233,709	225,535	79,119	314,950	853,313
Carrying amount					
At 31 December 2018	80,886	57,116	22,279	97,662	257,943
At 31 December 2017	110,940	61,910	21,960	101,198	296,008

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	2,583,360	2,583,360

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 and 31 December 2018	2,583,360
Carrying amount	
At 31 December 2018	2,583,360
At 31 December 2017	2,583,360

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 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

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	1,883,924	2,249,146	-	-

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

17 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,792,485	1,854,230	-	-
Other debtors	60,534	93,810	-	-
Prepayments and accrued income	266,040	157,664	-	-
	<u>2,119,059</u>	<u>2,105,704</u>	<u>-</u>	<u>-</u>

18 Creditors: amounts falling due within one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	20	133,770	12,486	-	-
Other borrowings	20	350,000	350,000	350,000	350,000
Trade creditors		2,572,840	2,634,307	-	-
Financed receivables		1,121,037	1,599,640	-	-
Amounts due to group undertakings		-	-	2,233,260	1,883,260
Corporation tax payable		62,955	91,268	-	-
Other taxation and social security		132,581	146,984	-	-
Other creditors		882,931	353,284	-	-
Accruals and deferred income		71,894	26,353	-	-
		<u>5,328,008</u>	<u>5,214,322</u>	<u>2,583,260</u>	<u>2,233,260</u>

Financed receivables totalling £1,121,037 (2017: £1,599,640) are secured by way of a fixed and floating charge over the assets of the group.

19 Creditors: amounts falling due after more than one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Other borrowings	20	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20 Borrowings

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts	133,770	12,486	-	-
Other loans	350,000	700,000	350,000	700,000
	<u>483,770</u>	<u>712,486</u>	<u>350,000</u>	<u>700,000</u>
Payable within one year	483,770	362,486	350,000	350,000
Payable after one year	-	350,000	-	350,000
	<u></u>	<u></u>	<u></u>	<u></u>

Bank overdrafts of £133,770 (2017: £12,486) are secured by a debenture and a fixed and floating charge given by M. E. Duffell Limited to Barclays Bank plc.

Included within other loans are loan notes totalling £350,000 (2017: £700,000) 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.

21 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,853,019</u>	<u>1,948,040</u>	<u>n/a</u>	<u>n/a</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>5,132,472</u>	<u>5,326,070</u>	<u>n/a</u>	<u>n/a</u>

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

22 Deferred taxation

The major deferred tax liabilities and assets recognised by the group or company are:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	34,339	36,881
Short term timing differences	(617)	-
	<u>33,722</u>	<u>36,881</u>

The company has no deferred tax assets or liabilities.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

22 Deferred taxation (Continued)

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	36,881	-
Credit to profit or loss	(3,159)	-
	<u>33,722</u>	<u>-</u>
Liability at 31 December 2018	<u>33,722</u>	<u>-</u>

23 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	34,920	19,134
	<u>34,920</u>	<u>19,134</u>

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 £4,897 (2017: £2,249) were payable to the fund at the year end and are included in creditors.

24 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

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

25 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	30,870	131,949
Adjustments for:		
Taxation charged	59,037	88,659
Finance costs	63,360	62,089
Investment income	(7)	-
Loss on disposal of tangible fixed assets	-	2,329
Amortisation and impairment of intangible assets	190,035	190,035
Depreciation and impairment of tangible fixed assets	85,942	84,774
Movements in working capital:		
Decrease/(increase) in stocks	365,222	(782,050)
(Increase) in debtors	(42,743)	(70,591)
Increase in creditors	457,568	458,150
Cash generated from operations	1,209,284	165,344

27 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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	216,935	185,174	-	-
Between one and five years	122,792	272,801	-	-
	<u>339,727</u>	<u>457,975</u>	<u>-</u>	<u>-</u>

28 Related party transactions

Remuneration of key management personnel

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

	2018 £	2017 £
Aggregate compensation	<u>24,583</u>	<u>24,989</u>

DUFFELLS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

28 Related party transactions (Continued)

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Loans advanced	
	2018	2017
	£	£
Group		
Other related parties	387,000	360,000

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2018	2017
	£	£
Group		
Other related parties	420,922	342,041

29 Directors' transactions

Dividends totalling £333,000 (2017: £90,000) were paid in the year in respect of shares held by the company's directors.

The directors provided loans to/(from) the group during the year. The movement on these loans are as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors' loan account	-	(29,388)	333,000	(261,862)	41,750
		(29,388)	333,000	(261,862)	41,750

30 Controlling party

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