

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020  
FOR  
D SALES (U.K.) LIMITED**

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FOR THE YEAR ENDED 31 AUGUST 2020**

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**D SALES (U.K.) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**DIRECTORS:** J. P. Whitworth  
Mrs Z. R. Whitworth

**SECRETARY:** Miss C. Morris

**REGISTERED OFFICE:** Unit 4 Copley Valley Business Park  
Copley Valley Road  
Sowerby Bridge  
West Yorkshire  
HX6 2WA

**REGISTERED NUMBER:** 05541349 (England and Wales)

**AUDITORS:** Wyatt, Morris, Golland Ltd  
Statutory Auditors  
Park House  
200 Drake Street  
Rochdale  
Lancashire  
OL16 1PJ

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2020**

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

The principle activity of the company under review was that of the wholesale distribution of office equipment and consumables.

Detailed figures are set out in the following statutory financial statements.

**REVIEW OF BUSINESS**

The company has been impacted severely by covid 19. The virtual closure of the business resulted in a substantial reduction to the company's turnover. Whilst turnover has started to return, income levels each month are considerably lower than pre lockdown levels.

The long term impact of Covid 19 is yet to be evaluated and quantified, however it is highly likely that there will be a long term impact to the industry as home working has resulted in a substantial reduction to the demand for print products.

As a result of the above, the home market has seen an increase in the A4 market but the value of these products are significantly lower and the margins associated are much tighter due to the highly competitive market.

In addition to the loss of turnover, the company has suffered significantly due to the euro exchange rate reducing in the second 6 months of the year. The overall gross profit margins have remained similar at 17.97% (2019 - 18.38%).

However, whilst margins were strong in the first 6 months, the positive effect has been wiped out due to reductions to the exchange rate in the latter 6 months of the year. Following the Brexit deal post year end, the Euro appears to have stabilised and the company is hopeful that gross profit margins can be maintained at an acceptable level.

The company has taken the necessary steps in order for it to cut it's overheads and implement a proactive sales and marketing strategy in order to remain a competitive and successful business.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The two main risks affecting the company continue to be that of the impact of Covid 19 and the effect of the Euro exchange rate.

The short term impact of Covid 19 has impacted the company's sales and the overall results for the year have been reduced. However, it is hoped that as lockdown restrictions ease that gradually turnover will start to increase and profits will return.

Covid 19 may have a significant long term impact as mentioned above due to changes in the working environment and home working. There is therefore the potential for reduced demand for print products. However, the directors are monitoring this situation closely and feel that the company is in a strong position to adapt quickly to changing market conditions, to increase its market share and maintain its overall position.

In addition there is a continued risk to the company due to the effect of the euro exchange rate. The company imports the majority of its products from the European Union and the Euro exchange rate has a direct impact on the company's gross profit margins. The directors are closely monitoring the exchange rates so that the risks can be managed as effectively as possible.

**ON BEHALF OF THE BOARD:**

J. P. Whitworth - Director

13 April 2021

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 AUGUST 2020**

The directors present their report with the financial statements of the company for the year ended 31 August 2020.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 August 2020.

**DIRECTORS**

The directors during the year under review were:

J. P. Whitworth  
Mrs Z. R. Whitworth

The beneficial interests of the directors holding office on 31 August 2020 in the issued share capital of the company were as follows:

	31.8.20	1.9.19
<b>Ordinary £1 shares</b>		
J. P. Whitworth	25,001	25,001
Mrs Z. R. Whitworth	24,999	24,999

**CHARITABLE DONATIONS AND EXPENDITURE**

The company made charitable contributions of £19,120 during the year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Wyatt, Morris, Golland Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

J. P. Whitworth - Director

13 April 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
D SALES (U.K.) LIMITED**

**Opinion**

We have audited the financial statements of D Sales (U.K.) Limited (the 'company') for the year ended 31 August 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
D SALES (U.K.) LIMITED**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Christian Morris Bsc ACA (Senior Statutory Auditor)  
for and on behalf of Wyatt, Morris, Golland Ltd  
Statutory Auditors  
Park House  
200 Drake Street  
Rochdale  
Lancashire  
OL16 1PJ

13 April 2021

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	2020		2019	
		£	£	£	£
<b>TURNOVER</b>			<b>8,319,743</b>		12,149,817
Cost of sales			<b>6,834,661</b>		<u>9,917,074</u>
<b>GROSS PROFIT</b>			<b>1,485,082</b>		<u>2,232,743</u>
Distribution costs		<b>107,264</b>		120,511	
Administrative expenses		<u><b>1,876,317</b></u>		<u>1,950,942</u>	
			<b>1,983,581</b>		<u>2,071,453</u>
			<b>(498,499)</b>		<u>161,290</u>
Other operating income			<b>105,101</b>		<u>17,663</u>
<b>OPERATING (LOSS)/PROFIT</b>	5		<b>(393,398)</b>		<u>178,953</u>
Interest receivable and similar income			<u>72</u>		<u>-</u>
			<b>(393,326)</b>		<u>178,953</u>
Interest payable and similar expenses	6		<b>26,817</b>		<u>21,975</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>			<b>(420,143)</b>		<u>156,978</u>
Tax on (loss)/profit	7		<b>(65,989)</b>		<u>49,175</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			<b>(354,154)</b>		<u><u>107,803</u></u>



**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2020**

Notes	<b>2020</b> £	2019 £
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(354,154)</b>	107,803
<b>OTHER COMPREHENSIVE INCOME</b>	<u>          -</u>	<u>          -</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>          -</u></b> <b>=====</b>	<b><u>          -</u></b> <b>=====</b>

**BALANCE SHEET  
31 AUGUST 2020**

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		<b>1,551,406</b>		1,509,966
Investments	10		<b>91,273</b>		91,273
Investment property	11		<b>91,024</b>		91,024
			<u><b>1,733,703</b></u>		<u>1,692,263</u>
<b>CURRENT ASSETS</b>					
Stocks	12	<b>806,058</b>		1,163,158	
Debtors	13	<b>1,606,225</b>		2,346,307	
Cash at bank and in hand		<b>170,448</b>		17,689	
		<u><b>2,582,731</b></u>		<u>3,527,154</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<b>2,998,050</b>		<b>3,384,581</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u><b>(415,319)</b></u>		<u>142,573</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>1,318,384</b>		1,834,836
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<b>(27,925)</b>		(179,525)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u><b>(16,280)</b></u>		<u>(26,978)</u>
<b>NET ASSETS</b>			<u><b>1,274,179</b></u>		<u>1,628,333</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		<b>50,000</b>		50,000
Retained earnings	20		<b>1,224,179</b>		1,578,333
<b>SHAREHOLDERS' FUNDS</b>			<u><b>1,274,179</b></u>		<u>1,628,333</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2021 and were signed on its behalf by:

J. P. Whitworth - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 September 2018</b>	50,000	1,850,530	1,900,530
<b>Changes in equity</b>			
Dividends	-	(380,000)	(380,000)
Total comprehensive income	-	107,803	107,803
<b>Balance at 31 August 2019</b>	<u>50,000</u>	<u>1,578,333</u>	<u>1,628,333</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(354,154)	(354,154)
<b>Balance at 31 August 2020</b>	<u><u>50,000</u></u>	<u><u>1,224,179</u></u>	<u><u>1,274,179</u></u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	574,464	239,691
Interest paid		(26,817)	(21,975)
Tax paid		609	(209,627)
Net cash from operating activities		<u>548,256</u>	<u>8,089</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(117,515)	(10,306)
Sale of tangible fixed assets		-	8,200
Interest received		72	-
Net cash from investing activities		<u>(117,443)</u>	<u>(2,106)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(151,600)	(187,966)
Amount introduced by directors		121,865	495,296
Amount withdrawn by directors		(248,319)	(489,180)
Equity dividends paid		-	(380,000)
Net cash from financing activities		<u>(278,054)</u>	<u>(561,850)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>152,759</u>	<u>(555,867)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	17,689	573,556
<b>Cash and cash equivalents at end of year</b>	2	<u>170,448</u>	<u>17,689</u>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2020**

**1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before taxation	<b>(420,143)</b>	156,978
Depreciation charges	<b>76,075</b>	60,965
Profit on disposal of fixed assets	-	(2,678)
Finance costs	<b>26,817</b>	21,975
Finance income	<b>(72)</b>	-
	<b>(317,323)</b>	237,240
Decrease/(increase) in stocks	<b>357,100</b>	(316,116)
Decrease in trade and other debtors	<b>860,657</b>	871,462
Decrease in trade and other creditors	<b>(325,970)</b>	(552,895)
<b>Cash generated from operations</b>	<b><u>574,464</u></b>	<b><u>239,691</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 August 2020**

	<b>31.8.20</b>	<b>1.9.19</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b><u>170,448</u></b>	<b><u>17,689</u></b>

**Year ended 31 August 2019**

	<b>31.8.19</b>	<b>1.9.18</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b><u>17,689</u></b>	<b><u>573,556</u></b>

**3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS**

	<b>At 1.9.19</b>	<b>Cash flow</b>	<b>At 31.8.20</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash</b>			
Cash at bank and in hand	<b><u>17,689</u></b>	<b><u>152,759</u></b>	<b><u>170,448</u></b>
	<b><u>17,689</u></b>	<b><u>152,759</u></b>	<b><u>170,448</u></b>
<b>Debt</b>			
Debts falling due within 1 year	<b>(54,027)</b>	-	<b>(54,027)</b>
Debts falling due after 1 year	<b>(179,525)</b>	<b>151,600</b>	<b>(27,925)</b>
	<b>(233,552)</b>	<b>151,600</b>	<b>(81,952)</b>
<b>Total</b>	<b><u>(215,863)</u></b>	<b><u>304,359</u></b>	<b><u>88,496</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**1. STATUTORY INFORMATION**

D Sales (U.K.) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

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

Long leasehold	- 2% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Freehold land and buildings are not depreciated. The directors perform an annual review for impairment to ensure that the value of the property is in excess of the original cost.

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

The value of the investment property relating to agricultural land is not readily ascertainable and on that basis the land has been valued at cost.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions**

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**Financial Instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Investments**

The investments are stated at fair value where they are readily ascertainable. Aggregate surpluses or deficits arising from changes in fair value are recognised in the profit and loss account. Where investment values are not readily ascertainable they are valued at cost.

**Government grants - covid 19**

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to the grant and the grant will be received.

Following the outbreak of the Covid-19 Pandemic the company furloughed members of staff and took advantage of the government job retention scheme. Grant income is accrued for in the period matching the period the wages were due for.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

In the process of applying the entity's accounting policies management have not made any judgements that would have a significant effect on the amounts recognised in the financial statements. No estimations have been made that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4. EMPLOYEES AND DIRECTORS**

	<b>2020</b>	2019
	<b>£</b>	£
Wages and salaries	<b>1,034,567</b>	1,110,411
Social security costs	<b>133,182</b>	146,801
Other pension costs	<b>16,434</b>	14,258
	<b><u>1,184,183</u></b>	<u>1,271,470</u>

The average number of employees during the year was as follows:

	<b>2020</b>	2019
Sales	<b>4</b>	4
Technical	<b>3</b>	3
Administration	<b>9</b>	8
	<b><u>16</u></b>	<u>15</u>

	<b>2020</b>	2019
	<b>£</b>	£
Directors' remuneration	<b><u>532,216</u></b>	<u>570,027</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<b><u>2</u></b>	<u>2</u>
------------------------	-----------------	----------

Information regarding the highest paid director is as follows:

	<b>2020</b>	2019
	<b>£</b>	£
Emoluments etc	<b><u>520,034</u></b>	<u>558,111</u>

There is also wages included in Cost of Sales of £73,445 (2019 - £80,578), giving total wages and pension costs for 2019 - £1,145,358 (2019 - £1,352,048).

**5. OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	<b>2020</b>	2019
	<b>£</b>	£
Depreciation - owned assets	<b>76,075</b>	60,966
Profit on disposal of fixed assets	<b>-</b>	(2,678)
Auditors' remuneration	<b>10,500</b>	10,100
Other non- audit services	<b><u>20,838</u></b>	<u>19,835</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2020</b>	2019
	<b>£</b>	£
Factoring charges and interest	<b>22,433</b>	12,736
HMRC interest	<b>609</b>	678
Mortgage interest	<b>3,775</b>	8,561
	<b><u>26,817</u></b>	<u>21,975</u>

**7. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	<b>2020</b>	2019
	<b>£</b>	£
Current tax:		
UK corporation tax	<b>(55,291)</b>	58,678
Deferred tax	<b>(10,698)</b>	(9,503)
Tax on (loss)/profit	<b><u>(65,989)</u></b>	<u>49,175</u>

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2020</b>	2019
	<b>£</b>	£
(Loss)/profit before tax	<b><u>(420,143)</u></b>	<u>156,978</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>(79,827)</b>	29,826
Effects of:		
Expenses not deductible for tax purposes taxation at standard rate	<b>13,838</b>	19,349
Total tax (credit)/charge	<b><u>(65,989)</u></b>	<u>49,175</u>

**8. DIVIDENDS**

	<b>2020</b>	2019
	<b>£</b>	£
Ordinary shares of £1 each		
Interim	<b><u>-</u></b>	<u>380,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020

9. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £
<b>COST</b>			
At 1 September 2019	1,178,402	195,400	63,134
Additions	-	-	-
At 31 August 2020	<u>1,178,402</u>	<u>195,400</u>	<u>63,134</u>
<b>DEPRECIATION</b>			
At 1 September 2019	-	35,000	39,398
Charge for year	-	3,908	5,934
At 31 August 2020	-	<u>38,908</u>	<u>45,332</u>
<b>NET BOOK VALUE</b>			
At 31 August 2020	<u>1,178,402</u>	<u>156,492</u>	<u>17,802</u>
At 31 August 2019	<u>1,178,402</u>	<u>160,400</u>	<u>23,736</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 September 2019	271,773	98,891	118,184	1,925,784
Additions	-	110,000	7,515	117,515
At 31 August 2020	<u>271,773</u>	<u>208,891</u>	<u>125,699</u>	<u>2,043,299</u>
<b>DEPRECIATION</b>				
At 1 September 2019	189,505	55,642	96,273	415,818
Charge for year	20,567	38,312	7,354	76,075
At 31 August 2020	<u>210,072</u>	<u>93,954</u>	<u>103,627</u>	<u>491,893</u>
<b>NET BOOK VALUE</b>				
At 31 August 2020	<u>61,701</u>	<u>114,937</u>	<u>22,072</u>	<u>1,551,406</u>
At 31 August 2019	<u>82,268</u>	<u>43,249</u>	<u>21,911</u>	<u>1,509,966</u>

The long leasehold land and buildings are held under lease for a term of 999 years of which 987 are unexpired.

10. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	2020 £	2019 £
Vehicle registration plates	<u>91,273</u>	<u>91,273</u>

The vehicle registration plates are valued at cost.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**11. INVESTMENT PROPERTY**

**Total  
£**

**FAIR VALUE**

At 1 September 2019  
and 31 August 2020

**91,024**

**NET BOOK VALUE**

At 31 August 2020  
At 31 August 2019

**91,024  
91,024**

The investment property relates to some agricultural land that was acquired in 2014. In the director's opinion the value of the land is not materially different to the original cost.

**12. STOCKS**

	<b>2020</b>	2019
	£	£
Stocks	<b><u>806,058</u></b>	<u>1,163,158</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	2019
	£	£
Trade debtors	<b>1,422,867</b>	2,007,147
Other debtors	<b>5,000</b>	115,583
Directors' current accounts	<b>120,575</b>	-
Prepayments	<b><u>57,783</u></b>	<u>223,577</u>
	<b><u>1,606,225</u></b>	<u>2,346,307</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	2019
	£	£
Bank loans and overdrafts (see note 16)	<b>54,027</b>	54,027
Trade creditors	<b>1,246,604</b>	2,562,683
Corporation tax	<b>3,996</b>	58,678
Social security and other taxes	<b>144,924</b>	31,090
VAT	<b>818,620</b>	314,924
Invoice discounting	<b>611,768</b>	38,161
Pension creditor	<b>2,730</b>	-
Directors' current accounts	<b>829</b>	6,708
Accruals and deferred income	<b><u>114,552</u></b>	<u>318,310</u>
	<b><u>2,998,050</u></b>	<u>3,384,581</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2020</b>	2019
	£	£
Bank loans (see note 16)	<b><u>27,925</u></b>	<u>179,525</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>2020</b>	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<b><u>54,027</u></b>	<u>54,027</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**16. LOANS - continued**

	<b>2020</b>	2019
	<b>£</b>	£
Amounts falling due between one and two years:		
Bank loans due in 1-5 years	<u><b>27,925</b></u>	<u>179,525</u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2020</b>	2019
	<b>£</b>	£
Bank loans	<u><b>81,952</b></u>	<u>233,552</u>

The bank loan and invoice financing are secured by a first legal charge over the freehold property held at Unit 4 Copley Valley Business Park, Copley Valley Road, Sowerby Bridge, West Yorkshire together with a fixed and floating charge over the remaining assets of the company.

**18. PROVISIONS FOR LIABILITIES**

	<b>2020</b>	2019
	<b>£</b>	£
Deferred tax	<u><b>16,280</b></u>	<u>26,978</u>

**Deferred  
tax  
£  
26,978  
(10,698)  
16,280**

Balance at 1 September 2019  
Credit to Income Statement during year  
Balance at 31 August 2020

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>2020</b>	2019
			<b>£</b>	£
50,000	Ordinary	£1	<u><b>50,000</b></u>	<u>50,000</u>

**20. RESERVES**

	<b>Retained earnings £</b>
At 1 September 2019	<b>1,578,333</b>
Deficit for the year	<u><b>(354,154)</b></u>
At 31 August 2020	<u><b>1,224,179</b></u>

**21. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16,434 (2019 - £14,258).

Included in creditors for pension contributions not paid over at 31st August 2020 amounted to £2,731 (2019 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2020**

**22. OTHER FINANCIAL COMMITMENTS**

The company had the following annual commitments under operating leases:

	<b>2020</b>	2019
£                      £		
Land and Buildings Expiring within 1 year	<b>0</b>	20,352
	<u><b>0</b></u>	<u>20,352</u>

**23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 August 2020 and 31 August 2019:

	<b>2020</b>	2019
	£	£
<b>Mrs Z. R. Whitworth</b>		
Balance outstanding at start of year	-	-
Amounts advanced	<b>120,575</b>	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u><b>120,575</b></u>	<u>-</u>

The above overdrawn directors loan account will be repaid by 31st May 2021.

**24. RELATED PARTY DISCLOSURES**

The company was charged £12,000 in respect of commission on the sales of body heat sensory equipment facilitated by Feversense Limited. Feversense Limited is a company in which Mr. J. P. Whitworth has a material interest.

**25. ULTIMATE CONTROLLING PARTY**

Mr. J. Whitworth who owns 51% of the issued share capital of the company.