

Company Registration No. 02770125 (England and Wales)

DALEBROOK SUPPLIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

 **RickardLuckin**

DALEBROOK SUPPLIES LIMITED

COMPANY INFORMATION

Directors	LS Linch Ms JL Knott
Secretary	Ms GR Beresford
Company number	02770125
Registered office	Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
Solicitors	Ellisons Solicitors - Colchester Headgate Court Head Street Colchester Essex CO1 1NP

DALEBROOK SUPPLIES LIMITED

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DALEBROOK SUPPLIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The company designs, manufactures and distributes products to over 60 countries worldwide. The products are predominantly for the food industry used by restaurants, supermarkets, hotels and other catering establishments.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to management approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company and the compliance team and company finance department take on an important oversight role in this regard. The principal risks from our business arise from inaccurate stock forecasting, fluctuations in exchange rates, customer trends and changes in buying patterns. Changes in attitudes towards some plastics has caused a drop in sales in certain areas and will continue to challenge our product development. Changes as a result of Brexit will also bring challenges to the logistics of our business.

Furthermore the company has had to adapt its working practices as a result of the Covid 19 pandemic and the ensuing fall in turnover. The company has continued to trade profitably during the pandemic and forecasts indicate that this trend will continue.

Development and performance

The market for our products is increasingly competitive and we will continue to focus on new product development to combat this trend. We continually monitor and refine systems and processes and recruit key personnel with specialist skills which enable the company to deliver excellent logistics. Additional investment in new software is also key to improving our customer service.

Other information and explanations

The company's success is dependent on the continual development of products, competitive pricing and research into new markets. Our strong distribution will allow the company to continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments whilst developing new markets. We aim to improve efficiency in all areas of our operations through cost reduction and process review. Customer service remains a top priority.

By order of the board

Ms GR Beresford

Secretary

18 December 2020

DALEBROOK SUPPLIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Directors

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

LS Linch
Ms JL Knott

Results and dividends

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

Ordinary dividends were paid amounting to £2,000. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company has various financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. The company does not currently use any derivative financial instruments and in accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

In accordance with the company's articles, a resolution proposing that Rickard Luckin Limited be reappointed as auditor of the company will be put at a General Meeting.

DALEBROOK SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

By order of the board

Ms GR Beresford
Secretary

18 December 2020

DALEBROOK SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DALEBROOK SUPPLIES LIMITED

Opinion

We have audited the financial statements of Dalebrook Supplies Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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.

DALEBROOK SUPPLIES LIMITED

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Michael Breame (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

18 December 2020

Chartered Accountants
Statutory Auditor

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

DALEBROOK SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT INCLUDING OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	8,498,497	9,011,332
Cost of sales		(3,991,386)	(4,146,794)
Gross profit		4,507,111	4,864,538
Distribution costs		(294,263)	(316,748)
Administrative expenses		(3,772,082)	(3,571,451)
Other operating income		284,394	274,554
Operating profit	6	725,160	1,250,893
Interest receivable and similar income	8	25,100	45,823
Interest payable and similar expenses	5	(91,891)	(45,987)
Profit before taxation		658,369	1,250,729
Taxation	7	(179,790)	(184,046)
Profit for the financial year		478,579	1,066,683
Other comprehensive income		-	-
Total comprehensive income for the year		478,579	1,066,683

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

DALEBROOK SUPPLIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	10		2		2
Other intangible assets	10		24,259		48,519
Total intangible assets			24,261		48,521
Tangible assets	11		623,723		743,470
Investments	12		444,593		470,960
			1,092,577		1,262,951
Current assets					
Stocks	13	1,885,847		1,941,975	
Debtors	15	6,072,245		3,205,643	
Cash at bank and in hand		2,017,938		2,421,932	
		9,976,030		7,569,550	
Creditors: amounts falling due within one year	16	(2,702,224)		(942,697)	
Net current assets			7,273,806		6,626,853
Total assets less current liabilities			8,366,383		7,889,804
Capital and reserves					
Called up share capital	18		100		100
Profit and loss reserves			8,366,283		7,889,704
Total equity			8,366,383		7,889,804

The financial statements were approved by the board of directors and authorised for issue on 18 December 2020 and are signed on its behalf by:

LS Linch
Director

Company Registration No. 02770125

DALEBROOK SUPPLIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		100	6,830,021	6,830,121
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,066,683	1,066,683
Dividends	9	-	(7,000)	(7,000)
Balance at 31 December 2018		100	7,889,704	7,889,804
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	478,579	478,579
Dividends	9	-	(2,000)	(2,000)
Balance at 31 December 2019		100	8,366,283	8,366,383

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Dalebrook Supplies Limited is a private company limited by shares incorporated in England and Wales. The registered office is Aquila House, Waterloo Lane, Chelmsford, Essex, CM1 1BN.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. Dalebrook Supplies Limited is a wholly owned subsidiary of Tey Holdings Limited and the results of Dalebrook Supplies Limited are included in the consolidated financial statements of Tey Holdings Limited which are available from Companies House.

1.2 Going concern

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

1.3 Turnover

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

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

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

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

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

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

Software	25% straight line
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1.6 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:

Land and buildings leasehold	Over the lease term
Plant and machinery	15% on cost
Fixtures, fittings & equipment	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

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

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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 company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

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

1.9 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.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 Taxation

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

Current tax

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

Deferred tax

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

1.14 Employee benefits

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

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

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

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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

1.16 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.17 Management charge

Certain overheads incurred by the company are apportioned to group companies to reflect an appropriate allocation of costs based on usage. Group companies may also apportion certain overheads in a similar manner. A management charge is either receivable or payable and is included in the profit and loss account to reflect the relevant charge for these overheads.

1.18 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.19 Reduced Reporting Framework

The company is a qualifying entity under the reduced reporting framework set out in FRS 102 and as such has taken advantage of the exemptions included therein. This includes the exclusion from the financial statements of a statement of cash flows.

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Employees

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

	2019	2018
	Number	Number
Production and sales staff	26	27
Management and administration staff	24	25
Total	<u>50</u>	<u>52</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,613,567	1,583,275
Social security costs	151,893	154,230
	<u>1,765,460</u>	<u>1,737,505</u>

3 Turnover and other revenue

Turnover analysed by geographical market

	2019	2018
	£	£
United Kingdom	3,576,033	3,421,249
Overseas sales	4,922,464	5,590,083
	<u>8,498,497</u>	<u>9,011,332</u>

4 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	<u>171,905</u>	<u>167,140</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

5 Interest payable and similar expenses

	2019	2018
	£	£
Other interest	<u>91,891</u>	<u>45,987</u>

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	86,367	(38,768)
Fees payable to the company's auditors for the audit of the company's financial statements	27,650	27,650
Depreciation of owned tangible fixed assets	322,689	311,233
Depreciation of tangible fixed assets held under finance leases	-	21,017
Profit on disposal of tangible fixed assets	(21,168)	(23,352)
Amortisation of intangible assets	24,260	24,260
Cost of stocks recognised as an expense	3,563,438	3,718,000
	<u> </u>	<u> </u>

7 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	223,957	219,763
Adjustments in respect of prior periods	(44,167)	(35,717)
	<u> </u>	<u> </u>
Total current tax	179,790	184,046
	<u> </u>	<u> </u>

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

	2019	2018
	£	£
Profit before taxation	658,369	1,250,729
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	125,090	237,639
Tax effect of expenses that are not deductible in determining taxable profit	89,585	7,683
Tax effect of income not taxable in determining taxable profit	(1,140)	(3,990)
Permanent capital allowances in excess of depreciation	7,586	12,852
Research and development tax credit	-	(34,824)
Under/(over) provided in prior years	(44,167)	(35,717)
Other adjustments	2,836	403
	<u> </u>	<u> </u>
Taxation charge for the year	179,790	184,046
	<u> </u>	<u> </u>

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	19,100	24,823
Income from fixed asset investments		
Income from shares in group undertakings	6,000	21,000
Total income	<u>25,100</u>	<u>45,823</u>

9 Dividends

	2019	2018
	£	£
Interim paid	<u>2,000</u>	<u>7,000</u>

10 Intangible fixed assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 January 2019 and 31 December 2019	<u>2</u>	<u>97,039</u>	<u>97,041</u>
Amortisation and impairment			
At 1 January 2019	-	48,520	48,520
Amortisation charged for the year	-	<u>24,260</u>	<u>24,260</u>
At 31 December 2019	<u>-</u>	<u>72,780</u>	<u>72,780</u>
Carrying amount			
At 31 December 2019	<u>2</u>	<u>24,259</u>	<u>24,261</u>
At 31 December 2018	<u>2</u>	<u>48,519</u>	<u>48,521</u>

DALEBROOK SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****11 Tangible fixed assets**

	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2019	201,649	1,241,542	798,919	344,561	254,600	2,841,271
Additions	16,486	127,882	21,112	20,385	80,722	266,587
Disposals	-	-	-	-	(84,860)	(84,860)
At 31 December 2019	218,135	1,369,424	820,031	364,946	250,462	3,022,998
Depreciation and impairment						
At 1 January 2019	112,479	899,336	690,583	254,030	141,373	2,097,801
Depreciation charged in the year	35,220	117,308	50,561	65,363	54,237	322,689
Eliminated in respect of disposals	-	-	-	-	(21,215)	(21,215)
At 31 December 2019	147,699	1,016,644	741,144	319,393	174,395	2,399,275
Carrying amount						
At 31 December 2019	70,436	352,780	78,887	45,553	76,067	623,723
At 31 December 2018	89,170	342,206	108,336	90,531	113,227	743,470

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019	2018
	£	£
Computer equipment	-	21,017
	<u> </u>	<u> </u>

12 Fixed asset investments

	Notes	2019	2018
		£	£
Investments in subsidiaries	14	444,593	470,960
		<u> </u>	<u> </u>

Movements in fixed asset investments

	Shares in group undertakings	Other investments	Total
	£	£	£
Cost or valuation			
At 1 January 2019	797,115	2,000,000	2,797,115
At 31 December 2019	<u>797,115</u>	<u>2,000,000</u>	<u>2,797,115</u>
Impairment			
At 1 January 2019	326,155	2,000,000	2,326,155
Impairment losses	26,367	-	26,367
At 31 December 2019	<u>352,522</u>	<u>2,000,000</u>	<u>2,352,522</u>
Carrying amount			
At 31 December 2019	<u>444,593</u>	<u>-</u>	<u>444,593</u>
At 31 December 2018	<u>470,960</u>	<u>-</u>	<u>470,960</u>

13 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	1,885,847	1,941,975
	<u> </u>	<u> </u>

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
GBL Associates Limited	United Kingdom	Acrylic fabricators	Ordinary	
			75.00	0
Shenzhen Dalebrook Supplies Co. Ltd	China	Manufacturing & distribution	Ordinary	
			100.00	0
Europaeus Supplies LLC	USA	Wholesale of display equipment	Ordinary	
			100.00	0

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
GBL Associates Limited	31,269	450,457
Shenzhen Dalebrook Supplies Co. Ltd	(11,274)	(127,524)
Europaeus Supplies LLC	(94,544)	(334,321)

15 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	1,103,396	1,136,285
Amounts owed by group undertakings	1,268,922	948,970
Other debtors	3,019,433	462,082
Prepayments and accrued income	207,576	168,388
	<u>5,599,327</u>	<u>2,715,725</u>
	2019	2018
	£	£
Amounts falling due after more than one year:		
Other debtors	<u>472,918</u>	<u>489,918</u>
Total debtors	<u>6,072,245</u>	<u>3,205,643</u>

DALEBROOK SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****16 Creditors: amounts falling due within one year**

	Notes	2019 £	2018 £
Obligations under finance leases		-	7,011
Other borrowings	17	1,658,949	-
Trade creditors		294,886	234,632
Amounts owed to group undertakings		193,274	193,274
Corporation tax		223,957	219,763
Other taxation and social security		42,038	38,569
Other creditors		-	24,054
Accruals and deferred income		289,120	225,394
		<u>2,702,224</u>	<u>942,697</u>

A number of trade creditors are secured by stock as a reservation of title is in place.

17 Loans and overdrafts

	2019 £	2018 £
Loan from pension fund	1,658,949	-
Directors' loans	-	24,054
	<u>1,658,949</u>	<u>24,054</u>
Payable within one year	<u>1,658,949</u>	<u>24,054</u>

18 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Operating lease commitments

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

	2019	2018
	£	£
Within one year	363,347	365,559
Between two and five years	180,511	282,190
	<u>543,858</u>	<u>647,749</u>

20 Events after the reporting date

The Covid 19 pandemic began to impact the UK in the post balance sheet period, with "lockdown" restrictions and significant economic turmoil before felt across the country. Whilst the pandemic has impacted the company's short term performance and has required operational changes, the company has continued to trade and has managed its costs and working capital needs accordingly. It is not possible for the directors to fully assess the wider impact of the pandemic on the future of the business, however the directors have assessed any potential impact on the financial statements to 31 December 2019 and do not believe that any adjustments are required as a result of this, nor have any non adjusting events been identified which would require adjustment in the post balance sheet period.

In addition, since the balance sheet date, the decision has been taken that Europaeus Supplies LLC, the company's US based subsidiary, will cease to trade. All relevant irrecoverable intercompany debt was already provided for in these financial statements and the value of the investment held had been impaired based upon trading performance. No material further adjustments therefore exist as non-adjusting post balance sheet events.

21 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption available in accordance with FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

During the year professional fees of £30,000 (2018: £30,000) were paid to a family member of one of the directors for art and design services provided to the Group.

During the year the company made purchases of £138,839 (2018: £526,313) from a company which is wholly owned by one of the directors. The balance due from this company at the balance sheet date was £335,115 (2018: £224,027).

Other debtors include £502,418 (2018: £519,418) which is due from companies whose directors are close family members of one of the directors of Dalebrook Supplies Limited.

At the balance sheet date, the company was owed £568,133 (2018: £23,189) in recharged expenses by companies owned by a director of this company.

At the balance sheet date the company was owed £1,138,419 (2018: £925,781) by its subsidiaries.

DALEBROOK SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Ultimate controlling party

The parent company of Dalebrook Supplies Limited is Tey Holdings Limited, a company registered in England and Wales.

