

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
DIRECT PRESS MARKETING LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2020**

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DIRECT PRESS MARKETING LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTORS: D Beckett
D M Grace
M S Sheldrick

SECRETARY: M S Sheldrick

REGISTERED OFFICE: 6 Churchill Court
Hortons Way
Westerham
Kent
TN16 1BT

REGISTERED NUMBER: 03613183 (England and Wales)

AUDITORS: McKenzies
Chartered Accountants
Statutory Auditors
2 Station Road West
Oxted
Surrey
RH8 9EP

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

The Strategic Report provides a review of the business for the financial year and describes how we manage risks within the business. The report outlines the developments and performance of the Company during the financial year and discusses the main trends and factors that could affect the future.

REVIEW OF BUSINESS

The principle of activity of the company was that of supplying equipment to the graphic arts industry, in particular that of used printing presses and ancillary equipment. The company offers equipment to the market either as a principal, buying and selling on its own account, or as an agent for other owners of equipment.

The Directors are satisfied with the current performance of the company. The 2020 trading year remained very competitive but the company has maintained its profit margins by selecting optimum trading opportunities and conservative budget forecasting. They are confident that the Company continues to be perceived in the industry, both at home and overseas, as one of the major suppliers of quality used graphic machinery.

COVID-19

At the time of this review, the Directors wish to highlight the coronavirus pandemic and the likely impact on future revenues and profits of the company. The Directors believe they have acted responsibly in the face of unprecedented risks, supporting staff, maintaining safety and maintaining key customer relationships at this critical time. The company had begun to explore other areas for revenue generation, but the company's joint venture activities are still strong. However, no sector is immune from being impacted and the company remains open to work in all sectors wherever it can balance risk. It is envisaged that 2021 revenue will be subdued compared to 2020 figures but the underlying strength of the company remains undiminished.

The key financial performance indicators for the year ended 31 March 2020 are set out below:

Turnover: 2020: £20.35m 2019: £24.38m

Gross profit 2020: £1.32m 2019: £1.42m

EBITDA 2020 £0.32m 2019: £0.47m

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have a strong emphasis on risk management which endeavours to identify and manage all business risks.

Strategic and Commercial Risk

There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, and regular monitoring of the economic and competitive environment.

Financial Risk

There is a risk of reducing business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows and close relationships with importance stakeholders within the business.

Operational Risk

This is a risk of losses arising from inadequate or failed internal processes, from personnel and external events. These are mitigated by regularly monitoring the business risk register against occurring events and business continuity planning.

ON BEHALF OF THE BOARD:

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

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

DIVIDENDS

Interim dividends per share were paid as follows:
Ordinary B 0.01 shares £29.93 , Ordinary C 0.01 shares £9.88.

The directors recommend that no final dividends be paid. The total distribution of dividends for the year ended 31 March 2020 will be £ 211,782 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

D Beckett
D M Grace
M S Sheldrick

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, McKenzies, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M S Sheldrick - Director

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIRECT PRESS MARKETING LIMITED

Opinion

We have audited the financial statements of Direct Press Marketing Limited (the 'company') for the year ended 31 March 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 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the 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.

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. 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.

Colin McCoy BA FCA (Senior Statutory Auditor)
for and on behalf of McKenzies
Chartered Accountants
Statutory Auditors
2 Station Road West
Oxted
Surrey
RH8 9EP

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

| | Notes | 2020 £ | 2019 £ |
|---------------------------------------|-------|------------------------------|-----------------------|
| TURNOVER | 3 | 20,349,273 | 24,379,581 |
| Cost of sales | | <u>19,026,447</u> | <u>22,959,247</u> |
| GROSS PROFIT | | 1,322,826 | 1,420,334 |
| Administrative expenses | | <u>999,640</u> | <u>950,916</u> |
| OPERATING PROFIT | 5 | 323,186 | 469,418 |
| Interest payable and similar expenses | 6 | <u>34,146</u> | <u>36,668</u> |
| PROFIT BEFORE TAXATION | | 289,040 | 432,750 |
| Tax on profit | 7 | <u>59,767</u> | <u>92,818</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u><u>229,273</u></u> | <u><u>339,932</u></u> |

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

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------------------|----------------|
| PROFIT FOR THE YEAR | | 229,273 | 339,932 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>229,273</u> | <u>339,932</u> |

**BALANCE SHEET
31 MARCH 2020**

| | Notes | 2020 | | 2019 | |
|--|-------|-------------------------|-------------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 1,076,889 | | 1,045,634 |
| Investments | 10 | | 253,524 | | 409,157 |
| | | | <u>1,330,413</u> | | <u>1,454,791</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 3,854,585 | | 3,552,664 | |
| Debtors | 12 | 1,903,986 | | 4,262,007 | |
| Cash at bank and in hand | | <u>1,469,658</u> | | <u>1,614,311</u> | |
| | | 7,228,229 | | 9,428,982 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>4,803,981</u> | | <u>7,077,806</u> | |
| NET CURRENT ASSETS | | | <u>2,424,248</u> | | <u>2,351,176</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,754,661 | | 3,805,967 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | | (303,943) | | (378,305) |
| PROVISIONS FOR LIABILITIES | 17 | | (5,565) | | - |
| NET ASSETS | | | <u>3,445,153</u> | | <u>3,427,662</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 425 | | 425 |
| Capital redemption reserve | 19 | | 575 | | 575 |
| Retained earnings | 19 | | <u>3,444,153</u> | | <u>3,426,662</u> |
| SHAREHOLDERS' FUNDS | | | <u>3,445,153</u> | | <u>3,427,662</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2020 and were signed on its behalf by:

M S Sheldrick - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

| | Called up share capital £ | Retained earnings £ | Capital redemption reserve £ | Total equity £ |
|---------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------------|
| Balance at 1 April 2018 | 425 | 3,285,480 | 575 | 3,286,480 |
| Changes in equity | | | | |
| Dividends | - | (198,750) | - | (198,750) |
| Total comprehensive income | - | 339,932 | - | 339,932 |
| Balance at 31 March 2019 | 425 | 3,426,662 | 575 | 3,427,662 |
| Changes in equity | | | | |
| Dividends | - | (211,782) | - | (211,782) |
| Total comprehensive income | - | 229,273 | - | 229,273 |
| Balance at 31 March 2020 | 425 | 3,444,153 | 575 | 3,445,153 |

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

| | Notes | 2020 £ | 2019 £ |
|---|-------|-------------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 189,951 | 1,241,426 |
| Interest paid | | (34,146) | (36,668) |
| Tax paid | | (93,341) | (47,155) |
| Net cash from operating activities | | <u>62,464</u> | <u>1,157,603</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (58,746) | (2,944) |
| Purchase of fixed asset investments | | (50,000) | - |
| Sale of fixed asset investments | | 205,633 | - |
| Net cash from investing activities | | <u>96,887</u> | <u>(2,944)</u> |
| Cash flows from financing activities | | | |
| Loan repayments in year | | (67,326) | (63,803) |
| Amount introduced by directors | | - | 100,948 |
| Amount withdrawn by directors | | (24,896) | (127,540) |
| Equity dividends paid | | (211,782) | (198,750) |
| Net cash from financing activities | | <u>(304,004)</u> | <u>(289,145)</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(144,653)</u> | <u>865,514</u> |
| Cash and cash equivalents at beginning of year | 2 | 1,614,311 | 748,797 |
| Cash and cash equivalents at end of year | 2 | <u>1,469,658</u> | <u>1,614,311</u> |

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

| | | |
|--|------------------------------|-------------------------|
| 1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS | | |
| | 2020 | 2019 |
| | £ | £ |
| Profit before taxation | 289,040 | 432,750 |
| Depreciation charges | 27,493 | 28,608 |
| Finance costs | 34,146 | 36,668 |
| | <u>350,679</u> | <u>498,026</u> |
| Increase in stocks | (301,921) | (1,116,224) |
| Decrease/(increase) in trade and other debtors | 2,376,691 | (884,484) |
| (Decrease)/increase in trade and other creditors | (2,235,498) | 2,744,108 |
| Cash generated from operations | <u><u>189,951</u></u> | <u><u>1,241,426</u></u> |

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 March 2020

| | | |
|---------------------------|-------------------------|-------------------------|
| | 31.3.20 | 1.4.19 |
| | £ | £ |
| Cash and cash equivalents | <u>1,469,658</u> | <u>1,614,311</u> |

Year ended 31 March 2019

| | | |
|---------------------------|-------------------------|-----------------------|
| | 31.3.19 | 1.4.18 |
| | £ | £ |
| Cash and cash equivalents | <u>1,614,311</u> | <u>748,797</u> |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.4.19 | Cash flow | At 31.3.20 |
|---------------------------------|--------------------------------|-------------------------------|--------------------------------|
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank and in hand | <u>1,614,311</u> | <u>(144,653)</u> | <u>1,469,658</u> |
| | <u>1,614,311</u> | <u>(144,653)</u> | <u>1,469,658</u> |
| Debt | | | |
| Debts falling due within 1 year | (70,379) | (7,038) | (77,417) |
| Debts falling due after 1 year | (378,305) | 74,362 | (303,943) |
| | <u>(448,684)</u> | <u>67,324</u> | <u>(381,360)</u> |
| Total | <u><u>1,165,627</u></u> | <u><u>(77,329)</u></u> | <u><u>1,088,298</u></u> |

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

1. STATUTORY INFORMATION

Direct Press Marketing 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 represents amounts receivable for goods and services net of Value Added Tax and trade discounts.

Turnover is recognised when the risks and rewards of goods and services are passed to the customer, generally being on delivery.

Tangible fixed assets

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

| | |
|--------------------------|----------------------------|
| Freehold property | - 2% on cost |
| Improvements to property | - at varying rates on cost |
| Plant and machinery | - 14% - 25% on cost |

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase, together with direct materials and sub-contracted services in bringing each item to its present location and condition. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

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.

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

2. ACCOUNTING POLICIES - continued

Leased assets

Where assets are financed under leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit and loss account on a straight-line basis over the lease term.

Reserve premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

3. TURNOVER

Turnover is wholly attributable to the principal activity of the company.

The analysis of turnover by class of business and geographical location has not been provided as, in the opinion of the directors, such disclosure would seriously prejudicial to the interests of the company.

4. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 461,895 | 445,883 |
| Social security costs | 33,614 | 33,171 |
| Other pension costs | 4,058 | 2,644 |
| | <u>499,567</u> | <u>481,698</u> |

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

| | 2020 | 2019 |
|----------------|-----------------|----------|
| Management | 3 | 3 |
| Administration | 6 | 6 |
| | <u>9</u> | <u>9</u> |

| | 2020 | 2019 |
|--|---------------------|--------------|
| | £ | £ |
| Directors' remuneration | 193,395 | 190,216 |
| Directors' pension contributions to money purchase schemes | <u>1,581</u> | <u>1,059</u> |

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

| | | |
|------------------------|-----------------|----------|
| Money purchase schemes | <u>1</u> | <u>1</u> |
|------------------------|-----------------|----------|

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

5. OPERATING PROFIT

The operating profit is stated after charging:

| | 2020 | 2019 |
|-----------------------------|---------------|--------|
| | £ | £ |
| Other operating leases | 3,807 | 11,065 |
| Depreciation - owned assets | 27,491 | 28,608 |
| Auditors' remuneration | 8,000 | 8,000 |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|---------------|---------------|--------|
| | £ | £ |
| Bank interest | 34,146 | 36,668 |

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 2020 | 2019 |
|-----------------------------------|---------------|--------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 53,810 | 93,341 |
| Prior year under/(over) provision | - | (523) |
| Total current tax | 53,810 | 92,818 |
| Deferred tax | 5,957 | - |
| Tax on profit | 59,767 | 92,818 |

Reconciliation of total tax 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:

| | 2020 | 2019 |
|---|----------------|---------|
| | £ | £ |
| Profit before tax | 289,040 | 432,750 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 54,918 | 82,223 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,849 | 6,270 |
| Capital allowances in excess of depreciation | (5,957) | - |
| Depreciation in excess of capital allowances | - | 4,848 |
| Adjustments to tax charge in respect of previous periods | - | (523) |
| Deferred taxation | 5,957 | - |
| Total tax charge | 59,767 | 92,818 |

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

8. DIVIDENDS

| | 2020 £ | 2019 £ |
|---|-----------------------|-----------------------|
| Ordinary B shares of 0.01 each Interim | 190,782 | 177,750 |
| Ordinary C shares of 0.01 each Interim | <u>21,000</u> | <u>21,000</u> |
| | <u>211,782</u> | <u>198,750</u> |

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Improvements to property £ | Plant and machinery £ | Computer equipment £ | Totals £ |
|-----------------------|---------------------------|-------------------------------------|-----------------------------|----------------------------|------------------|
| COST | | | | | |
| At 1 April 2019 | 1,169,300 | 119,894 | 49,462 | - | 1,338,656 |
| Additions | - | 25,498 | 11,390 | 21,858 | 58,746 |
| At 31 March 2020 | <u>1,169,300</u> | <u>145,392</u> | <u>60,852</u> | <u>21,858</u> | <u>1,397,402</u> |
| DEPRECIATION | | | | | |
| At 1 April 2019 | 123,036 | 121,671 | 48,315 | - | 293,022 |
| Charge for year | 21,134 | 3,611 | 632 | 2,114 | 27,491 |
| At 31 March 2020 | <u>144,170</u> | <u>125,282</u> | <u>48,947</u> | <u>2,114</u> | <u>320,513</u> |
| NET BOOK VALUE | | | | | |
| At 31 March 2020 | <u>1,025,130</u> | <u>20,110</u> | <u>11,905</u> | <u>19,744</u> | <u>1,076,889</u> |
| At 31 March 2019 | <u>1,046,264</u> | <u>(1,777)</u> | <u>1,147</u> | <u>-</u> | <u>1,045,634</u> |

Included in cost of land and buildings is freehold land of £ 149,420 (2019 - £ 149,420) which is not depreciated.

10. FIXED ASSET INVESTMENTS

| | Interest in other participating interests £ |
|-----------------------|---|
| COST | |
| At 1 April 2019 | 409,157 |
| Additions | 50,000 |
| Disposals | (205,633) |
| At 31 March 2020 | <u>253,524</u> |
| NET BOOK VALUE | |
| At 31 March 2020 | <u>253,524</u> |
| At 31 March 2019 | <u>409,157</u> |

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

11. STOCKS

| | 2020 | 2019 |
|------------------|-------------------------|------------------|
| | £ | £ |
| Work-in-progress | 206,165 | 167,295 |
| Stock | <u>3,648,420</u> | <u>3,385,369</u> |
| | <u>3,854,585</u> | <u>3,552,664</u> |

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|--------------------------------|-------------------------|------------------|
| | £ | £ |
| Trade debtors | 928,606 | 2,541,244 |
| Other debtors | 451,303 | 1,258,310 |
| Directors' current accounts | 132,103 | 113,041 |
| VAT | 3,467 | 161,346 |
| Deferred tax asset | - | 392 |
| Prepayments and accrued income | 388,507 | 187,674 |
| | <u>1,903,986</u> | <u>4,262,007</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|---|-------------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 77,417 | 70,379 |
| Trade creditors | 1,395,530 | 1,782,655 |
| Tax | 53,805 | 93,336 |
| Social security and other taxes | 10,859 | 19,304 |
| Other creditors | 1,895,437 | 2,534,234 |
| Directors' current accounts | 52,900 | 58,734 |
| Accruals and deferred income | <u>1,318,033</u> | <u>2,519,164</u> |
| | <u>4,803,981</u> | <u>7,077,806</u> |

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2020 | 2019 |
|--------------------------|-----------------------|----------------|
| | £ | £ |
| Bank loans (see note 15) | <u>303,943</u> | <u>378,305</u> |

15. LOANS

An analysis of the maturity of loans is given below:

| | 2020 | 2019 |
|---|----------------------|---------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>77,417</u> | <u>70,379</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>85,158</u> | <u>77,417</u> |

Amounts falling due in more than five years:

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

15. LOANS - continued

| | 2020 | 2019 |
|--|-----------------------|----------------|
| | £ | £ |
| Amounts falling due in more than five years: Repayable by instalments Bank loans more 5 yr by instal | <u>218,785</u> | <u>300,888</u> |

16. SECURED DEBTS

The bank has a legal charge over the freehold property of the company and a first fixed charge over all the assets of the company.

17. PROVISIONS FOR LIABILITIES

| | 2020 | |
|--------------------------|---------------------|---------------------|
| | £ | |
| Deferred tax | <u>5,565</u> | |
| | | Deferred tax |
| | | £ |
| Balance at 1 April 2019 | | (392) |
| Provided during year | | <u>5,957</u> |
| Balance at 31 March 2020 | | <u>5,565</u> |

18. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2020 | 2019 |
|----------------------------------|------------|----------------|-------------------|------------|
| Number: | Class: | Nominal value: | £ | £ |
| 34,000 | Ordinary A | 0.01 | 340 | 340 |
| 6,375 | Ordinary B | 0.01 | 64 | 64 |
| 2,125 | Ordinary C | 0.01 | <u>21</u> | <u>21</u> |
| | | | <u>425</u> | <u>425</u> |

19. RESERVES

| | Retained earnings | Capital redemption reserve | Totals |
|---------------------|--------------------------|-----------------------------------|-------------------------|
| | £ | £ | £ |
| At 1 April 2019 | 3,426,662 | 575 | 3,427,237 |
| Profit for the year | 229,273 | | 229,273 |
| Dividends | (211,782) | | (211,782) |
| At 31 March 2020 | <u>3,444,153</u> | <u>575</u> | <u>3,444,728</u> |

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

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2020 and 31 March 2019:

| | 2020 £ | 2019 £ |
|--------------------------------------|-----------------|-----------------|
| M S Sheldrick | | |
| Balance outstanding at start of year | (58,733) | (73,233) |
| Amounts advanced | - | 14,500 |
| Amounts repaid | 5,833 | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>(52,900)</u> | <u>(58,733)</u> |
| D Beckett | | |
| Balance outstanding at start of year | 113,040 | 100,948 |
| Amounts advanced | 19,063 | 113,040 |
| Amounts repaid | - | (100,948) |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>132,103</u> | <u>113,040</u> |

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party, by virtue of shareholdings is M S Sheldrick.