

MDI Limited

Annual Report and Unaudited Financial Statements (Filleled)

for the Year Ended 31 December 2019

Horne Brooke Shenton
Chartered Accountants
15 Olympic Court Boardmans Way
Whitehills Business Park
Blackpool
FY4 5GU

MDI Limited

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MDI Limited

Company Information

Directors	Mr M Dixon Mr DM Ives
Registered office	Unit 4 Wellington Point Amy Johnson Way Blackpool Lancashire FY4 2RG
Accountants	Horne Brooke Shenton Chartered Accountants 15 Olympic Court Boardmans Way Whitehills Business Park Blackpool FY4 5GU

MDI Limited

(Registration number: 02791186) Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	282,073	288,216
Current assets			
Stocks	5	864,713	745,182
Debtors	6	426,121	853,748
Cash at bank and in hand		<u>1,128,839</u>	<u>1,407,907</u>
		2,419,673	3,006,837
Creditors: Amounts falling due within one year	7	<u>(100,326)</u>	<u>(108,031)</u>
Net current assets		<u>2,319,347</u>	<u>2,898,806</u>
Total assets less current liabilities		2,601,420	3,187,022
Provisions for liabilities		<u>(6,092)</u>	<u>(7,261)</u>
Net assets		<u><u>2,595,328</u></u>	<u><u>3,179,761</u></u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		<u>2,595,326</u>	<u>3,179,759</u>
Total equity		<u><u>2,595,328</u></u>	<u><u>3,179,761</u></u>

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 23 September 2020 and signed on its behalf by:

.....

Mr DM Ives

Director

MDI Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Unit 4 Wellington Point
Amy Johnson Way
Blackpool
Lancashire
FY4 2RG
England

These financial statements were authorised for issue by the Board on 23 September 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A small entities - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The company directors have elected to adopt the new small companies thresholds as provided within The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) for the accounting period commencing 1st January 2016.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Sterling (£) and are rounded to the nearest whole pound.

MDI Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of judgements, estimates and assumptions about the carrying values of assets and liabilities that have a significant effect on the amounts recognised in the financial statements are detailed in the accounting policies below and relate to:

Bad debt provisions

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for the wholesale of bike parts, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises the sale of goods when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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Notes to the Financial Statements for the Year Ended 31 December 2019

Depreciation

Depreciation is charged so as to write off the cost of assets less estimated residual value, over their estimated useful lives, as detailed below.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already at the age and in the condition expected at the end of its useful economic life.

Asset class	Depreciation method and rate
Freehold land and buildings	NIL
Plant and machinery	25% straight line
Office equipment	25% reducing balance
Furniture and fixtures	15% reducing balance
Motor vehicles	25% reducing balance

The current residual value of freehold property is in excess of the cost and therefore no depreciation is provided within the financial statements.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date, if there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is higher of its fair value less costs to sell and its value in use.

Financial instruments

Recognition and measurement

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

MDI Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Trade debtors

Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements for the Year Ended 31 December 2019

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 6 (2018 - 6).

4 Tangible assets

	Freehold Land and buildings £	Furniture and fixtures £	Motor vehicles £	Office Equipment £	Total £
Cost or valuation					
At 1 January 2019	250,010	64,779	22,000	1,820	338,609
At 31 December 2019	250,010	64,779	22,000	1,820	338,609
Depreciation					
At 1 January 2019	-	30,699	18,819	875	50,393
Charge for the year	-	5,112	795	236	6,143
At 31 December 2019	-	35,811	19,614	1,111	56,536
Carrying amount					
At 31 December 2019	250,010	28,968	2,386	709	282,073
At 31 December 2018	250,010	34,080	3,181	945	288,216

Included within the net book value of land and buildings above is £250,010 (2018 - £250,010) in respect of freehold land and buildings.

5 Stocks

	2019 £	2018 £
Merchandise	864,713	745,182

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Notes to the Financial Statements for the Year Ended 31 December 2019

6 Debtors

	Note	2019 £	2018 £
Trade debtors		263,382	222,128
Prepayments		6,350	7,624
Other debtors		-	1,454
Amounts due from related parties	11	10,698	510,650
VAT Provision		2,254	1,123
Section 455 Tax		143,437	110,769
		426,121	853,748
Total current trade and other debtors		426,121	853,748

7 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Trade creditors		1,635	13,627
Amounts owed to related parties	11	14	-
Taxation and social security		94,455	90,363
Credit card account		209	225
Accruals		3,707	3,612
Outstanding defined contribution pension costs		306	204
		100,326	108,031
		100,326	108,031

8 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	2	2	2	2
	2	2	2	2
	2	2	2	2

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Notes to the Financial Statements for the Year Ended 31 December 2019

9 Dividends

Interim dividends paid

	2019 £	2018 £
Interim dividend of £324,250.00 (2018 - £26,000.00) per each Ordinary share	648,500	52,000

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £8,447 (2018 - £13,441). This is the company's commitments to future operating leases.

11 Related party transactions

Transactions with directors

	At 1 January 2019 £	Advances to directors £	Repayments by director £	At 31 December 2019 £
2019				
Mr M Dixon				
Loan Advance - Interest charged at 3% and repayable on demand	499,969	-	-	499,969
Loan advance in year	-	159,481	-	159,481
Loan repayments in year	-	-	(659,464)	(659,464)
	<u>499,969</u>	<u>159,481</u>	<u>(659,464)</u>	<u>(14)</u>
Mr DM Ives				
Loan Advance - Interest charged at 0% and repayable on demand	10,681	17	-	10,698
	<u>10,681</u>	<u>17</u>	<u>-</u>	<u>10,698</u>