

DENNIS WILLIAMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Company Registration No. 00559042 (England and Wales)

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DENNIS WILLIAMS LIMITED

COMPANY INFORMATION

Directors	Mrs P B Lees Mr A R Lees Mr A R Lees
Secretary	Mrs P B Lees
Company number	00559042
Registered office	9 Kingsmark Freeway Euroway Trading Estate Bradford BD12 7HW
Auditor	Naylor Wintersgill Limited Carlton House Grammar School Street Bradford BD1 4NS
Bankers	NatWest Bank Plc Bradford Broadway Branch 1 Market Street Bradford BD1 1EG

DENNIS WILLIAMS LIMITED

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DENNIS WILLIAMS 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 continued its principal activity of the wholesale supplier of hairdressing, beauty sundries and equipment through a number of wholesale outlets.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and the position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The directors are pleased with the performance of the company throughout the year and consider it to be well placed to take advantage of opportunities going forward.

During the year the company acquired new premises in order to further expand its warehousing, distribution and online business. The directors are confident that this significant investment will place the company in a strong position for future trading.

Principal risks and uncertainties

These are risks facing the business from competitors operating in the same geographic locations who principally compete on price. Also the general economic downturn has meant that customers may seek alternative supplies to reduce costs. The directors mitigate these risks by maintaining excellent customer relationships and ensuring the range of products available to customers is appropriate and priced competitively.

Brexit

The potential impact which may occur as a result of Brexit has been evaluated as being not likely to be significantly detrimental to the business. This is because our market is purely domestic and the sector that we supply is unlikely to see a serious downturn in business because it relates mainly to relatively small amounts of expenditure. In terms of supply, most of our products are UK sourced and we do not operate a 'just in time' system of procurement. We carry sufficient stock to compensate for any short-term interruption to supply.

Coronavirus pandemic

After the financial year end the Coronavirus pandemic hit the UK and Worldwide economy significantly. As a result all the non-online customer base; being salons, barbers, studios and colleges all closed down. The company therefore made the decision to close all branches and furlough a large proportion of employees from the end of March, through the Government Job Retention Scheme.

When it was announced by the Government that hair salons and barbers could re-open on 4 July 2020, the directors made the decision that branches were to re-open and majority of the employees on furlough could safely return to work, this happened at the end of June 2020.

Financial position at the reporting date

The balance sheet shows that the company's net assets have increased from £3.286m to £3.889m. The Company's net profit after tax decreased by £0.557m and therefore the directors decided not to declare a dividend (2018: £500,000) before the year end.

DENNIS WILLIAMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

Management use a range of performance measures to monitor and manage the business. Some of the key performance measures are set out below.

31 December 2019 31 December 2018

- Turnover
- Gross Profit
- Gross Profit Margin
- Operating Profit

-

Financial risk management

Financial risks are managed through strict internal management controls and accurate and timely management information. Stock levels and margins are also closely monitored by management to identify potential issues and ensure the products are marketed appropriately.

On behalf of the board



Mrs P B Lees

Director

22 September 2020

DENNIS WILLIAMS 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.

Principal activities

The principal activity of the company continued to be that of wholesale supplier of hairdressing, beauty sundries and equipment through a number of wholesale outlets.

Directors

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

Mrs P B Lees
Mr A R Lees
Mr A R Lees

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

After the year end the directors made the decision to close the High Wycombe branch and make the staff redundant, this was not as a result of the Coronavirus pandemic but due to issues with the branch management.

Auditor

Naylor Wintersgill Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DENNIS WILLIAMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

On behalf of the board



Mrs P B Lees
Director

22 September 2020

DENNIS WILLIAMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DENNIS WILLIAMS LIMITED

Opinion

We have audited the financial statements of Dennis Williams Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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

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.
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DENNIS WILLIAMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DENNIS WILLIAMS 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.

Victoria Wainwright (Senior Statutory Auditor)
for and on behalf of Naylor Wintersgill Limited

22 September 2020

Chartered Accountants
Statutory Auditor

Carlton House
Grammar School Street
Bradford
BD1 4NS

DENNIS WILLIAMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	15,704,557	15,680,373
Cost of sales		(10,891,050)	(10,853,437)
Gross profit		4,813,507	4,826,936
Administrative expenses		(4,286,316)	(3,822,335)
Other operating income		363,388	507,614
Operating profit	4	890,579	1,512,215
Interest receivable and similar income	7	1,623	883
Interest payable and similar expenses	8	(99,002)	(58,921)
Profit before taxation		793,200	1,454,177
Tax on profit	9	(185,059)	(289,371)
Profit for the financial year		608,141	1,164,806
Other comprehensive income			
Revaluation of tangible fixed assets		-	185,913
Tax relating to other comprehensive income		(5,486)	(9,270)
Total comprehensive income for the year		602,655	1,341,449

The income statement has been prepared on the basis that all operations are continuing operations.

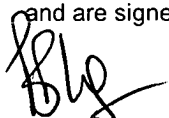
DENNIS WILLIAMS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11	419,850		473,850	
Tangible assets	12	3,522,390		1,023,532	
		<u>3,942,240</u>		<u>1,497,382</u>	
Current assets					
Stocks	13	3,631,298	3,706,206		
Debtors	14	1,138,912	867,949		
Cash at bank and in hand		57,733	839,664		
		<u>4,827,943</u>	<u>5,413,819</u>		
Creditors: amounts falling due within one year	15	<u>(2,417,324)</u>	<u>(3,198,459)</u>		
Net current assets		<u>2,410,619</u>		<u>2,215,360</u>	
Total assets less current liabilities		<u>6,352,859</u>		<u>3,712,742</u>	
Creditors: amounts falling due after more than one year	16	(2,366,883)		(374,861)	
Provisions for liabilities	18	(96,830)		(51,390)	
Net assets		<u>3,889,146</u>		<u>3,286,491</u>	
Capital and reserves					
Called up share capital	21	1,800	1,800		
Revaluation reserve		123,970	132,287		
Capital redemption reserve		200	200		
Profit and loss reserves	22	3,763,176	3,152,204		
Total equity		<u>3,889,146</u>		<u>3,286,491</u>	

The financial statements were approved by the board of directors and authorised for issue on 22 September 2020 and are signed on its behalf by:



Mrs P B Lees
Director

Company Registration No. 00559042

DENNIS WILLIAMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		1,800	-	200	2,443,042	2,445,042
Year ended 31 December 2018:						
Profit for the year		-	-	-	1,164,806	1,164,806
Other comprehensive income:						
Revaluation of tangible fixed assets		-	185,913	-	-	185,913
Tax relating to other comprehensive income		-	(9,270)	-	-	(9,270)
Total comprehensive income for the year		-	176,643	-	1,164,806	1,341,449
Dividends	10	-	-	-	(500,000)	(500,000)
Transfers		-	(44,356)	-	44,356	-
Balance at 31 December 2018		1,800	132,287	200	3,152,204	3,286,491
Year ended 31 December 2019:						
Profit for the year		-	-	-	608,141	608,141
Other comprehensive income:						
Tax relating to other comprehensive income		-	(5,486)	-	-	(5,486)
Total comprehensive income for the year		-	(5,486)	-	608,141	602,655
Transfers		-	(2,831)	-	2,831	-
Balance at 31 December 2019		1,800	123,970	200	3,763,176	3,889,146

DENNIS WILLIAMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	28	271,907		1,051,895	
Interest paid		(99,002)		(58,921)	
Income taxes paid		(283,590)		(258,688)	
Net cash (outflow)/inflow from operating activities		(110,685)		734,286	
Investing activities					
Purchase of tangible fixed assets		(2,667,017)		(188,784)	
Proceeds on disposal of tangible fixed assets		15,170		32,500	
Interest received		1,623		883	
Net cash used in investing activities		(2,650,224)		(155,401)	
Financing activities					
Advance/(repayment) of bank loans		1,978,978		(21,097)	
Dividends paid		-		(500,000)	
Net cash generated from/(used in) financing activities		1,978,978		(521,097)	
Net (decrease)/increase in cash and cash equivalents		(781,931)		57,788	
Cash and cash equivalents at beginning of year		839,664		781,876	
Cash and cash equivalents at end of year		57,733		839,664	

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Dennis Williams Limited is a private company limited by shares incorporated in England and Wales. The registered office is 9 Kingsmark Freeway, Euroway Trading Estate, Bradford, BD12 7HW.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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.

The directors do not consider the outbreak of Coronavirus pandemic to have created a material uncertainty in relation to the going concern of the company. Further details has been included in note 24 events after the reporting date.

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

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

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:

Freehold land and buildings	2% straight line
Leasehold land and buildings	2% straight line
Leasehold improvements	15% straight line
Fixtures and fittings	15% reducing balance
Computers	15%-33% reducing balance and straight line
Motor vehicles	25% reducing balance

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.

1.6 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.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.8 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.

1.9 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 statement of financial position 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.

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

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

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.

1.10 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.

1.11 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 income statement 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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

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.

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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with tangible fixed assets, the directors' have considered both external and internal sources of information such as market values, changes in technological, economical and legal environments, evidence of obsolescence or physical damage of assets and declines in economic performance.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Determining residual values and economic lives of tangible and intangible fixed assets

The company depreciates tangible and intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible and intangible fixed assets. When determining the residual values management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Stock provisions

The directors consider the age and usage of stock when calculating provisions for stock which is considered to be slow moving or obsolete.

Retrospective rebate provision

Retrospective discounts are receivable based on the level of purchasing by the Company in the year. Where the rebate period differs to the financial period, management apply judgement when estimating the future value of purchases to assess whether the purchasing target will be achieved and therefore whether there is a rebate to be provided for at the year end.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

	2019	2018
	£	£
Other significant revenue		
Interest income	1,623	883
Other operating income	320,165	507,614

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	15,685,288	15,588,103
Rest of Europe	19,269	92,270
	<u>15,704,557</u>	<u>15,680,373</u>

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,185
Depreciation of owned tangible fixed assets	153,619	82,139
Profit on disposal of tangible fixed assets	(630)	(9,568)
Amortisation of intangible assets	54,000	52,650
Cost of stocks recognised as an expense	10,891,050	10,853,437
Operating lease charges	<u>324,997</u>	<u>306,517</u>

5 Employees

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

	2019	2018
	Number	Number
Management	11	11
Administrative	14	14
Sales	92	83
Total	<u>117</u>	<u>108</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,555,894	2,359,986
Social security costs	177,511	177,849
Pension costs	55,039	31,240
	<u>2,788,444</u>	<u>2,569,075</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>172,759</u>	<u>147,123</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>1,623</u>	<u>883</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,623</u>	<u>883</u>
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8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	49,782	11,082
Other finance costs:		
Other interest	<u>49,220</u>	<u>47,839</u>
	<u>99,002</u>	<u>58,921</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	145,164	283,643
Adjustments in respect of prior periods	(59)	-
Total current tax	<u>145,105</u>	<u>283,643</u>
Deferred tax		
Origination and reversal of timing differences	<u>39,954</u>	<u>5,728</u>
Total tax charge	<u>185,059</u>	<u>289,371</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	<u>793,200</u>	<u>1,454,177</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	150,708	276,294
Tax effect of expenses that are not deductible in determining taxable profit	3,802	1,463
Adjustments in respect of prior years	(59)	-
Permanent capital allowances in excess of depreciation	(48,674)	(17,906)
Depreciation on assets not qualifying for tax allowances	39,328	23,792
Deferred tax movement	<u>39,954</u>	<u>5,728</u>
Taxation charge for the year	<u>185,059</u>	<u>289,371</u>

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on:		
Revaluation of property	<u>5,486</u>	<u>9,270</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Dividends

	2019 £	2018 £
Interim paid	-	500,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	540,000
Amortisation and impairment	
At 1 January 2019	66,150
Amortisation charged for the year	54,000
At 31 December 2019	120,150
Carrying amount	
At 31 December 2019	419,850
At 31 December 2018	473,850

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 January 2019	685,000	-	211,924	237,434	33,359	380,422	1,548,139
Additions	-	2,342,455	188,053	19,601	48,719	68,189	2,667,017
Disposals	-	-	-	-	-	(37,858)	(37,858)
Transfers	(10,000)	10,000	-	-	-	-	-
At 31 December 2019	675,000	2,352,455	399,977	257,035	82,078	410,753	4,177,298
Depreciation and impairment							
At 1 January 2019	-	-	198,537	142,725	22,037	161,308	524,607
Depreciation charged in the year	11,900	34,398	18,179	15,039	18,502	55,601	153,619
Eliminated in respect of disposals	-	-	-	-	-	(23,318)	(23,318)
At 31 December 2019	11,900	34,398	216,716	157,764	40,539	193,591	654,908
Carrying amount							
At 31 December 2019	663,100	2,318,057	183,261	99,271	41,539	217,162	3,522,390
At 31 December 2018	685,000	-	13,387	94,709	11,322	219,114	1,023,532

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Land and buildings with a carrying amount of £663,100 were revalued at 3 January 2019 by Braiser Freeth LLP, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	754,856	755,367
Accumulated depreciation	(259,567)	(242,893)
Carrying value	<u>495,289</u>	<u>512,474</u>

Land value of £80,000 (2018: £80,000) included within freehold property is not depreciated.

13 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>3,631,298</u>	<u>3,706,206</u>

Impairment losses in relation to slow moving or obsolete stock recognised in the Statement of Comprehensive Income as a credit during the year amounted to £17,415 (2018: £2,018).

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	839,758	492,099
Other debtors	3,265	4,528
Prepayments and accrued income	295,889	371,322
	<u>1,138,912</u>	<u>867,949</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	17	8,993	22,037
Trade creditors		1,383,887	1,531,466
Corporation tax		145,164	283,649
Other taxation and social security		270,639	326,076
Other creditors		423,217	901,194
Accruals and deferred income		185,424	134,037
		<u>2,417,324</u>	<u>3,198,459</u>

A debenture dated 8 February 2001 is in place which is secured over all assets of the company in favour of National Westminster Bank Plc.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	<u>2,366,883</u>	<u>374,861</u>

A debenture dated 8 February 2001 is in place which is secured over all assets of the company in favour of National Westminster Bank Plc.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>1,774,591</u>	<u>280,664</u>
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17 Loans and overdrafts

	2019 £	2018 £
Bank loans	<u>2,375,876</u>	<u>396,898</u>
Payable within one year	8,993	22,037
Payable after one year	<u>2,366,883</u>	<u>374,861</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Loans and overdrafts

The bank loan is repayable by monthly instalments and is due to mature in December 2033.

The bank loan is secured by way of a first legal charge dated 20 December 2013 over the company's freehold property.

During the year a second bank loan was taken out for the purchase of new business premises. The new loan is repayable by monthly instalments and is due to mature in April 2024.

The new bank loan is secured by a way of a first legal charged dated 9 April 2020 over the company's leasehold property.

After the balance sheet date the company arranged a capital payment holiday with the bank. The disclosures for bank loans due within one year and bank loans due after one year reflect this arrangement.

18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	96,830	51,390

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	82,074	42,120
Revaluations	14,756	9,270
	<u>96,830</u>	<u>51,390</u>
Movements in the year:		2019 £
Liability at 1 January 2019		51,390
Charge to profit or loss		39,954
Charge to other comprehensive income		5,486
Liability at 31 December 2019		<u>96,830</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	55,039	31,240

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,400 Ordinary A of £1 each	1,400	1,400
400 Ordinary C of £1 each	400	400
	<u>1,800</u>	<u>1,800</u>

Ordinary A shares and Ordinary C shares have full voting rights and dividend rights.

22 Profit and loss reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased by the company.

Profit & loss account

The profit and loss reserves represent cumulative profits and losses, less dividends paid.

£123,970 (2018: £132,287) of the profit and loss reserve relates to the revaluation of the freehold property and is not distributable.

23 Operating lease commitments

Lessee

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	237,781	283,105
Between two and five years	363,186	463,792
	<u>600,967</u>	<u>746,897</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Events after the reporting date

Coronavirus pandemic

After the year end the Coronavirus pandemic impacted on businesses and the economy in the United Kingdom and worldwide. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide resulting in an economic slowdown.

The company has determined that these are non-adjusting events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect any impact.

The duration and impact of the Coronavirus pandemic remains unclear at this time, however the company has carried out a review of the impact that the Coronavirus pandemic might have on the business. Directors have undertaken research, used published Government advice and consulted with key customers and key suppliers.

The directors have confidence that the company is well placed to cope with the disruption as a result of Coronavirus pandemic and believe all reasonable steps have been undertaken to safeguard the future of the business.

Branch closure

After the year end the directors made the decision to close the High Wycombe branch and make the staff redundant, this was not as a result of the Coronavirus pandemic but due to issues with the branch management.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>179,971</u>	<u>151,470</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Related party transactions

Transactions with related parties

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

During the year, the Company paid rent of £91,000 (2018: £91,000) to a director and controlling shareholder for the use of the Company's head office premises. The rent was charged at a commercial market rate.

During the year, interest of £42,124 (2018: £41,936) was payable in respect of loans from a director.

During the year, interest of £266 (2018: £1,193) was payable in respect of a loan from Marjorie Williams Discretionary Trust (a shareholder in the company) in which one of the directors is a beneficiary. The balance owing to the related party at the balance sheet date was £4,063 (2018: £3,912).

During the year, interest of £928 (2018: £4,719) was payable on a loan from a beneficiary of the Marjorie Williams Discretionary Trust. The balance owing to the related party at the balance sheet date was £11,929 (2018: £30,559).

During the year, the company made sales of £4,574,007 (2018: £4,274,338) to a company under the common control of a director. The balance owing from the related party at the balance sheet was £642,337 (2018: £228,008).

26 Directors' transactions

Dividends totalling £0 (2018 - £500,000) were paid in the year in respect of shares held by the company's directors.

The balance owed to directors at the year end are listed below:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Mrs P B Lees - Directors loan account	7.00	680,063	180,000	41,936	(494,774)	407,225
		<u>680,063</u>	<u>180,000</u>	<u>41,936</u>	<u>(494,774)</u>	<u>407,225</u>

The company has entered into guarantees from its directors as follows:

Mrs P B Lees has provided a personal guarantee of £175,000 as security on the company's bank loan. The guarantee is supported by a second legal charge on assets owned by Mrs P B Lees.

27 Ultimate controlling party

The ultimate controlling party is Mrs P B Lees, a director, by virtue of her majority shareholding.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

28 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	608,141	1,164,806
Adjustments for:		
Taxation charged	185,059	289,371
Finance costs	99,002	58,921
Investment income	(1,623)	(883)
Gain on disposal of tangible fixed assets	(630)	(9,568)
Amortisation and impairment of intangible assets	54,000	52,650
Depreciation and impairment of tangible fixed assets	153,619	82,139
Movements in working capital:		
Decrease/(increase) in stocks	74,908	(125,614)
Increase in debtors	(270,963)	(191,072)
Decrease in creditors	(629,606)	(268,855)
Cash generated from operations	271,907	1,051,895

29 Analysis of changes in net funds/(debt)

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	839,664	(781,931)	57,733
Borrowings excluding overdrafts	(396,898)	(1,978,978)	(2,375,876)
	442,766	(2,760,909)	(2,318,143)