

DENNIS WILLIAMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No. 00559042 (England and Wales)

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 2021

The directors present the strategic report for the year ended 31 December 2021.

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 despite the difficult trading conditions impacted due to the Coronavirus pandemic. Strong management and quick decision-making resulted in the company being well placed to take advantage of opportunities going forward.

Principal risks and uncertainties

These are risks facing the business from competitors operating in the same geographic locations who principally compete on price. In addition, 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 impact 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

The impact of the Coronavirus pandemic hit the UK and Worldwide economy significantly. As a result, the entire 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 for the same periods of closure, receiving support through the Government Job Retention Scheme.

In 2021, the hair and beauty sector has again been affected by the Coronavirus pandemic and, again, the company closed all branches and furloughed a large proportion of employees from 5th January to 12th April 2021. Despite the disruption, the company continues to trade profitably and the Directors believe all reasonable steps have been undertaken to safeguard the future of the business.

Financial position at the reporting date

The balance sheet shows that the company's net assets have increased from £4.424m to £4.855m. The Company's net profit after tax decreased by £103K and therefore the directors decided not to declare a dividend (2020: £nil) before the year end.

DENNIS WILLIAMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	31 December 2020
• Turnover	£18,310,291	£16,361,190
• Gross Profit	£5,295,629	£4,854,353
• Gross Profit Margin	28.9%	29.7%
• Operating Profit	£591,471	£757,677

The company continues to invest in various new projects for the benefit of the short, medium and long term future of the business. The benefits of these investments are expected to be realised in 2022 and beyond. These investments include continuous improvement and development in all areas of the business, such as products and customer service.

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

30 September 2022

DENNIS WILLIAMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

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.

Results and dividends

The results for the year are set out on page 8.

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

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

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 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

30 September 2022

DENNIS WILLIAMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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 2021 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 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK law and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure or increase the capital position of the Company, and management bias in accounting estimates and judgmental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with directors including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes;
- Reviewing of correspondence in so far as they related to non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted on unusual days, posted by infrequent users, posted by senior management or posted with descriptions indicating a higher level of risk;

Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing over immaterial liabilities and assets balances.

DENNIS WILLIAMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DENNIS WILLIAMS LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

30 September 2022

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 2021

	Notes	2021 £	2020 £
Turnover	3	18,310,291	16,361,190
Cost of sales		(13,014,662)	(11,506,837)
Gross profit		5,295,629	4,854,353
Administrative expenses		(5,352,051)	(4,768,785)
Other operating income		647,893	672,109
Operating profit	5	591,471	757,677
Interest receivable and similar income	7	86	369
Interest payable and similar expenses	8	(67,636)	(73,576)
Profit before taxation		523,921	684,470
Tax on profit	9	(92,500)	(149,612)
Profit for the financial year		431,421	534,858

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	10	311,850		365,850	
Tangible assets	11	2,786,575		3,437,907	
		<u>3,098,425</u>		<u>3,803,757</u>	
Current assets					
Stocks	13	3,510,259		3,782,076	
Debtors	14	2,575,873		1,677,416	
Cash at bank and in hand		570,831		1,301,851	
		<u>6,656,963</u>		<u>6,761,343</u>	
Creditors: amounts falling due within one year	15	<u>(3,186,298)</u>		<u>(3,843,931)</u>	
Net current assets			3,470,665		2,917,412
Total assets less current liabilities			<u>6,569,090</u>		<u>6,721,169</u>
Creditors: amounts falling due after more than one year	16		(1,632,130)		(2,199,087)
Provisions for liabilities					
Deferred tax liability	18	81,535		98,078	
		<u>(81,535)</u>		<u>(98,078)</u>	
Net assets			<u>4,855,425</u>		<u>4,424,004</u>
Capital and reserves					
Called up share capital	20		1,800		1,800
Revaluation reserve			-		121,139
Capital redemption reserve			200		200
Profit and loss reserves	21		4,853,425		4,300,865
Total equity			<u>4,855,425</u>		<u>4,424,004</u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 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 2021

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2020	1,800	123,970	200	3,763,176	3,889,146
Year ended 31 December 2020:					
Profit and total comprehensive income for the year	-	-	-	534,858	534,858
Transfers	-	(2,831)	-	2,831	-
Balance at 31 December 2020	1,800	121,139	200	4,300,865	4,424,004
Year ended 31 December 2021:					
Profit and total comprehensive income for the year	-	-	-	431,421	431,421
Transfers	-	(121,139)	-	121,139	-
Balance at 31 December 2021	1,800	-	200	4,853,425	4,855,425

DENNIS WILLIAMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(117,535)		1,279,981
Interest paid			(67,636)		(73,576)
Income taxes paid			(148,364)		(145,164)
Net cash (outflow)/inflow from operating activities			(333,535)		1,061,241
Investing activities					
Purchase of tangible fixed assets		(207,332)		(165,583)	
Proceeds on disposal of tangible fixed assets		710,998		57,499	
Interest received		86		369	
Net cash generated from/(used in) investing activities			503,752		(107,715)
Financing activities					
Repayment of bank loans		(581,664)		(36,699)	
Net cash used in financing activities			(581,664)		(36,699)
Net (decrease)/increase in cash and cash equivalents			(411,447)		916,827
Cash and cash equivalents at beginning of year			974,560		57,733
Cash and cash equivalents at end of year			563,113		974,560
Relating to:					
Cash at bank and in hand			570,831		1,301,851
Bank overdrafts included in creditors payable within one year			(7,718)		(327,291)

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 2021

1 Accounting policies

(Continued)

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% reducing balance and 33% 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 cost and replacement 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 2021

1 Accounting policies

(Continued)

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 2021

1 Accounting policies

(Continued)

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 2021

1 Accounting policies

(Continued)

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 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 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 2021

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 2021

3 Turnover and other revenue

	2021	2020
	£	£
Other significant revenue		
Interest income	86	369
Grants received	255,539	337,173
Other operating income	201,570	264,353
	<u>201,570</u>	<u>264,353</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	18,310,291	16,332,017
Rest of Europe	-	29,173
	<u>18,310,291</u>	<u>16,361,190</u>

4 Employees

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

	2021	2020
	Number	Number
Management	11	11
Administrative	20	15
Sales	111	96
	<u>142</u>	<u>122</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	3,598,015	3,109,885
Social security costs	262,278	254,820
Pension costs	79,589	70,930
	<u>3,939,882</u>	<u>3,435,635</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(255,539)	(337,173)
Fees payable to the company's auditor for the audit of the company's financial statements	17,793	14,000
Depreciation of owned tangible fixed assets	166,357	178,937
(Profit)/loss on disposal of tangible fixed assets	(18,691)	13,630
Amortisation of intangible assets	54,000	54,000
Cost of stocks recognised as an expense	13,014,662	11,506,837
Operating lease charges	275,750	264,758
	<u><u> </u></u>	<u><u> </u></u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	197,210	247,270
	<u><u> </u></u>	<u><u> </u></u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	100,000	125,000
	<u><u> </u></u>	<u><u> </u></u>

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	86	369
	<u><u> </u></u>	<u><u> </u></u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	86	369
	<u><u> </u></u>	<u><u> </u></u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	57,059	50,326
Other finance costs:		
Other interest	10,577	23,250
	<u><u> </u></u>	<u><u> </u></u>
	67,636	73,576
	<u><u> </u></u>	<u><u> </u></u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	109,043	148,364
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(16,543)	1,248
	<u> </u>	<u> </u>
Total tax charge	92,500	149,612
	<u> </u>	<u> </u>

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

	2021 £	2020 £
Profit before taxation	523,921	684,470
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	99,545	130,049
Tax effect of expenses that are not deductible in determining taxable profit	813	2,039
Permanent capital allowances in excess of depreciation	(44,340)	(30,572)
Depreciation on assets not qualifying for tax allowances	38,317	46,848
Deferred tax movement	(16,543)	1,248
Chargable gains	14,708	-
	<u> </u>	<u> </u>
Taxation charge for the year	92,500	149,612
	<u> </u>	<u> </u>

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	540,000
	<u> </u>
Amortisation and impairment	
At 1 January 2021	174,150
Amortisation charged for the year	54,000
	<u> </u>
At 31 December 2021	228,150
	<u> </u>
Carrying amount	
At 31 December 2021	311,850
	<u> </u>
At 31 December 2020	365,850
	<u> </u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2021	675,000	2,352,455	439,345	319,707	111,738	324,001	4,222,246
Additions	-	-	137,209	31,027	10,090	29,006	207,332
Disposals	(675,000)	-	-	(69,248)	-	(30,228)	(774,476)
At 31 December 2021	-	2,352,455	576,554	281,486	121,828	322,779	3,655,102
Depreciation and impairment							
At 1 January 2021	25,400	81,447	245,205	176,484	60,335	195,468	784,339
Depreciation charged in the year	-	47,049	40,184	19,151	27,904	32,069	166,357
Eliminated in respect of disposals	(25,400)	-	-	(47,052)	-	(9,717)	(82,169)
At 31 December 2021	-	128,496	285,389	148,583	88,239	217,820	868,527
Carrying amount							
At 31 December 2021	-	2,223,959	291,165	132,903	33,589	104,959	2,786,575
At 31 December 2020	649,600	2,271,008	194,140	143,223	51,403	128,533	3,437,907

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Financial instruments

	2021	2020
	£	£

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by related parties and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, trade creditors and other creditors.

13 Stocks

	2021	2020
	£	£

Finished goods and goods for resale	3,510,259	3,782,076
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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 £14,699 (2020: -£10,547).

14 Debtors

	2021	2020
	£	£

Amounts falling due within one year:

Trade debtors	526,534	683,923
Other debtors	1,769,617	598,361
Prepayments and accrued income	279,722	395,132
	<u>2,575,873</u>	<u>1,677,416</u>

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	17	133,101	467,381
Trade creditors		1,784,953	2,087,287
Corporation tax		109,043	148,364
Other taxation and social security		547,346	704,261
Other creditors		282,982	250,876
Accruals and deferred income		328,873	185,762
		<u>3,186,298</u>	<u>3,843,931</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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	1,632,130	2,199,087

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	-	238,029
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17 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,757,513	2,339,177
Bank overdrafts	7,718	327,291
	1,765,231	2,666,468
Payable within one year	133,101	467,381
Payable after one year	1,632,130	2,199,087

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 2019 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.

During the year 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.

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	81,535	83,322
Revaluations	-	14,756
	<u>81,535</u>	<u>98,078</u>
Movements in the year:		2021 £
Liability at 1 January 2021		98,078
Credit to profit or loss		(16,543)
		<u>81,535</u>
Liability at 31 December 2021		<u>81,535</u>

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	79,589	70,930
	<u>79,589</u>	<u>70,930</u>

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.

20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary A of £1 each	1,400	1,400	1,400	1,400
Ordinary C of £1 each	400	400	400	400
	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>

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

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 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.

£Nil (2020: £121,139) of the profit and loss reserve relates to the revaluation of the freehold property and is not distributable.

22 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:

	2021 £	2020 £
Within one year	338,243	184,321
Between two and five years	302,130	268,734
In over five years	105,806	-
	<u>746,179</u>	<u>453,055</u>

DENNIS WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	194,126	247,270

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 £99,330 (2020: £99,330) 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 £10,254 (2020: £22,143) was payable in respect of loans from a director.

During the year, interest of £319 (2020: £298) 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 £4,627 (2020: £4,329).

During the year, interest of £4 (2020: £809) was payable on a loan from a beneficiary of the Marjorie Williams Discretionary Trust. The balance owing from the related party at the balance sheet date was £281 (2020: £nil).

During the year, the company made sales of £8,996,438 (2020: £7,334,551) to a company under the common control of a director. The balance owing from the related party at the balance sheet was £1,557,280 (2020: £751,179).

24 Directors' transactions

Dividends totalling £0 (2020 - £0) 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 £	Amounts repaid £	Closing balance £
Mrs P B Lees - Director's loan account	-	245,974	22,143	(209,088)	59,029
		245,974	22,143	(209,088)	59,029

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.

25 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 2021

26 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	431,421	534,858
Adjustments for:		
Taxation charged	92,500	149,612
Finance costs	67,636	73,576
Investment income	(86)	(369)
(Gain)/loss on disposal of tangible fixed assets	(18,691)	13,630
Amortisation and impairment of intangible assets	54,000	54,000
Depreciation and impairment of tangible fixed assets	166,357	178,937
Movements in working capital:		
Decrease/(increase) in stocks	271,817	(150,778)
Increase in debtors	(898,457)	(538,504)
(Decrease)/increase in creditors	(284,032)	965,019
Cash (absorbed by)/generated from operations	(117,535)	1,279,981

27 Analysis of changes in net debt

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	1,301,851	(731,020)	570,831
Bank overdrafts	(327,291)	319,573	(7,718)
	974,560	(411,447)	563,113
Borrowings excluding overdrafts	(2,339,177)	581,664	(1,757,513)
	(1,364,617)	170,217	(1,194,400)

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