

REGISTERED NUMBER: 02615482 (England and Wales)

UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017
FOR
DIGBITS LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 2017**

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DIGBITS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2017

DIRECTORS: J H M Clay
M J Clay

SECRETARY: J H M Clay

REGISTERED OFFICE: Unit 1 Power Park
Towers Business Park
Rugeley
Staffordshire
WS15 1UZ

REGISTERED NUMBER: 02615482 (England and Wales)

ACCOUNTANTS: Howards Limited
Chartered Certified Accountants
Newport House
Newport Road
Stafford
Staffordshire
ST16 1DA

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	5		19,534		23,880
Tangible assets	6		<u>1,925,660</u>		<u>1,906,719</u>
			1,945,194		1,930,599
CURRENT ASSETS					
Stocks		802,816		776,827	
Debtors	7	116,521		113,052	
Prepayments and accrued income		38,904		40,032	
Cash at bank		<u>1,345</u>		<u>6</u>	
		959,586		929,917	
CREDITORS					
Amounts falling due within one year	8	<u>913,204</u>		<u>883,461</u>	
NET CURRENT ASSETS			46,382		46,456
TOTAL ASSETS LESS CURRENT LIABILITIES			1,991,576		1,977,055
CREDITORS					
Amounts falling due after more than one year	9		(783,355)		(856,896)
PROVISIONS FOR LIABILITIES			(85,239)		(134,601)
ACCRUALS AND DEFERRED INCOME			(11,428)		(7,597)
NET ASSETS			<u>1,111,554</u>		<u>977,961</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Revaluation reserve	12		329,895		273,813
Retained earnings	12		<u>781,559</u>		<u>704,048</u>
SHAREHOLDERS' FUNDS			<u>1,111,554</u>		<u>977,961</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

DIGBITS LIMITED (REGISTERED NUMBER: 02615482)

STATEMENT OF FINANCIAL POSITION - continued
31ST DECEMBER 2017

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 31st May 2018 and were signed on its behalf by:

J H M Clay - Director

M J Clay - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

1. STATUTORY INFORMATION

Digbits Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 02615482 and the registered office address is Unit 1 Power Park, Towers Business Park, Rugeley, Staffordshire, WS15 1UZ.

The principal activity of the company is supply of machinery parts to the construction industry.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Functional currency

The financial statements are prepared in pound sterling (£) which is the functional currency of the company.

Significant judgements and estimates

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the company; it may later be determined that a different choice would have been more appropriate. Management considers that certain accounting estimates and assumptions relating to revenue, taxation, tangible fixed assets, provisions and contingent liabilities, accruals and impairment are its critical accounting estimates.

Turnover

Turnover represents sales of goods net of VAT and trade discounts. Turnover is recognised when the goods are physically delivered to the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2002, is being written off evenly over its estimated useful life of twenty years, unless the results of impairment reviews indicate otherwise. The period represents the period over which the directors deem that the company will derive economic benefit, as far as can be prudently ascertained.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Trade marks are being amortised evenly over their estimated useful life of twenty years.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2017

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Land and buildings are carried at their revalued amounts, being fair value at the date of valuation less subsequent depreciation and impairment losses. Revaluations are performed by professional qualified valuers with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase in the carrying amount of land and buildings is recognised in other comprehensive income and included in a revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expended.

Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity; decreases exceeding the balance in revaluation reserve relating to an asset are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

Plant and machinery, fixtures and fittings, motor vehicles and computer equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated so as to write off the cost or valuation of an asset, less its residual value, over their estimated useful lives as follows:

Freehold buildings	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on reducing balance

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss, and included in other operating income.

Stocks

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value represents estimated selling price less costs to complete and sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

3. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Provisions

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of stock or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 23 (2016 - 22) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2017

5. INTANGIBLE FIXED ASSETS

	Goodwill £	Trade marks £	Totals £
COST			
At 1st January 2017			
and 31st December 2017	<u>80,000</u>	<u>6,925</u>	<u>86,925</u>
AMORTISATION			
At 1st January 2017	59,000	4,045	63,045
Amortisation for year	<u>4,000</u>	<u>346</u>	<u>4,346</u>
At 31st December 2017	<u>63,000</u>	<u>4,391</u>	<u>67,391</u>
NET BOOK VALUE			
At 31st December 2017	<u>17,000</u>	<u>2,534</u>	<u>19,534</u>
At 31st December 2016	<u>21,000</u>	<u>2,880</u>	<u>23,880</u>

6. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1st January 2017	1,781,206	557,589	126,253
Additions	-	76,172	4,525
At 31st December 2017	<u>1,781,206</u>	<u>633,761</u>	<u>130,778</u>
DEPRECIATION			
At 1st January 2017	272,546	227,751	96,424
Charge for year	26,333	57,650	6,433
Eliminated on disposal	-	-	-
At 31st December 2017	<u>298,879</u>	<u>285,401</u>	<u>102,857</u>
NET BOOK VALUE			
At 31st December 2017	<u>1,482,327</u>	<u>348,360</u>	<u>27,921</u>
At 31st December 2016	<u>1,508,660</u>	<u>329,838</u>	<u>29,829</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2017

6. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1st January 2017	73,750	82,246	2,621,044
Additions	53,292	-	133,989
Disposals	(18,093)	-	(18,093)
At 31st December 2017	<u>108,949</u>	<u>82,246</u>	<u>2,736,940</u>
DEPRECIATION			
At 1st January 2017	51,790	65,814	714,325
Charge for year	12,053	5,423	107,892
Eliminated on disposal	(10,937)	-	(10,937)
At 31st December 2017	<u>52,906</u>	<u>71,237</u>	<u>811,280</u>
NET BOOK VALUE			
At 31st December 2017	<u>56,043</u>	<u>11,009</u>	<u>1,925,660</u>
At 31st December 2016	<u>21,960</u>	<u>16,432</u>	<u>1,906,719</u>

Included in cost or valuation of land and buildings is freehold land of £ 464,561 (2016 - £ 464,561) which is not depreciated.

Cost or valuation at 31st December 2017 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £
Valuation in 2005	149,895	-	-
Valuation in 2006	180,000	-	-
Cost	<u>1,451,311</u>	<u>633,761</u>	<u>130,778</u>
	<u>1,781,206</u>	<u>633,761</u>	<u>130,778</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2005	-	-	149,895
Valuation in 2006	-	-	180,000
Cost	<u>108,949</u>	<u>82,246</u>	<u>2,407,045</u>
	<u>108,949</u>	<u>82,246</u>	<u>2,736,940</u>

If Freehold property had not been revalued they would have been included at the following historical cost:

	2017 £	2016 £
Cost	<u>1,451,311</u>	<u>1,451,311</u>
Aggregate depreciation	<u>276,674</u>	<u>255,029</u>
Value of land in freehold land and buildings	<u>369,074</u>	<u>369,074</u>

Freehold property was valued on an open market basis on 31st May 2006 by Millar Sandy .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2017

6. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1st January 2017	-	18,093	18,093
Additions	56,000	53,292	109,292
Disposals	-	(18,093)	(18,093)
At 31st December 2017	<u>56,000</u>	<u>53,292</u>	<u>109,292</u>
DEPRECIATION			
At 1st January 2017	-	10,460	10,460
Charge for year	6,300	8,471	14,771
Eliminated on disposal	-	(10,937)	(10,937)
At 31st December 2017	<u>6,300</u>	<u>7,994</u>	<u>14,294</u>
NET BOOK VALUE			
At 31st December 2017	<u>49,700</u>	<u>45,298</u>	<u>94,998</u>
At 31st December 2016	-	7,633	7,633

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	112,426	102,120
Other debtors	4,095	10,932
	<u>116,521</u>	<u>113,052</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 10)	248,345	241,676
Hire purchase contracts	29,390	1,436
Trade creditors	513,362	547,629
Taxation and social security	116,830	92,154
Other creditors	5,277	566
	<u>913,204</u>	<u>883,461</u>

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

	2017 £	2016 £
Bank loans (see note 10)	738,862	856,896
Hire purchase contracts	44,493	-
	<u>783,355</u>	<u>856,896</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans due in more than 5 years	336,405	426,798
	<u>336,405</u>	<u>426,798</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2017**10. LOANS**

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	132,969	126,327
Bank loans	115,376	115,349
	<u>248,345</u>	<u>241,676</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>105,722</u>	<u>112,016</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>296,735</u>	<u>318,082</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due in more than 5 years	336,405	426,798
	<u>336,405</u>	<u>426,798</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdrafts	132,969	126,327
Bank loans	854,238	972,245
Hire purchase contracts	73,883	1,436
	<u>1,061,090</u>	<u>1,100,008</u>

The bank loans and overdraft are secured by a mortgage debenture including fixed charge over all present freehold and leasehold property and first floating charge over all assets and undertaking both present and future dated 5 June 2006.

Hire purchase loans are secured against the assets to which they relate.

12. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1st January 2017	704,048	273,813	977,861
Profit for the year	206,611		206,611
Dividends	(129,100)		(129,100)
Deferred tax on revaluations	-	56,082	56,082
At 31st December 2017	<u>781,559</u>	<u>329,895</u>	<u>1,111,454</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.