

Company Registration No. 02946819 (England and Wales)

DEANESTOR LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



DEANESTOR LIMITED

COMPANY INFORMATION

Directors	J A M E Stephens P Waring R Tonkinson S Clark W Tonkinson F Richards
Secretary	F Richards
Company number	02946819
Registered office	Warren Way Crown Farm Business Park Mansfield Nottinghamshire NG19 0FL
Auditor	RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

DEANESTOR 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 principal activity of the group during the year was the manufacture, distribution and installation of specialist furniture.

2019 saw another rise in sales to £18.4m compared to £16.3m in the previous year to 31 December 2018 and an increase in pre-tax profits from £0.57m in 2018 to £0.63m. This was due to our continued success in the Healthcare, Education, Kitchen and Student markets.

It is anticipated that the current activity we are seeing in our market place will bring further benefits and increased growth in forthcoming periods.

Deanestor are embarking on a number of operational initiatives which we expect to further improve margins in the coming years.

The directors believe that the company is well placed to take full advantage of a record quote book and improved manufacturing facilities in ensuring future growth.

The key financial highlights for the current and comparative year are as follows:

	2019	2018
Turnover	£18,357,172	£16,315,593
Gross Profit	£5,929,149	£5,216,637
Gross Profit %	32.30%	31.97%
Operating profit	£769,757	£694,214

Future trading

Deanestor currently has a quote book of £138.6m which is a historical record for the business. This figure includes Deanestor Scotland which equates to £38.2m. As of July 2020 Deanestor has a solid order book standing at £8.03m. We have also seen increased level of enquiries over past quarter's (216 Q4 2019, 244 Q1 2020, 241 Q2 2020).

There appears to be significant government spending planned for schools and hospitals in the coming months and years which Deanestor is in a very strong position to benefit from.

Quarter 2 of 2020 has been a difficult period for Deanestor but as sites have started opening up again and main contractors are starting to accept furniture deliveries, we expect output volumes for Q3 to return to historical levels.

In summary, the mid-term prospects for Deanestor are excellent and due to increased government spending in 2 of our largest and most successful sectors we would expect to return to the successful levels of 2019 in the near future.

Business risk

The business is affected by a number of risks and uncertainties, the principal ones amongst them are:

Contract delays

A large proportion of the group's sales relate to large healthcare, educational, kitchen and student construction projects. As the group is one of the last trades on site, it can be affected by significant delays. It minimises the impact by only producing the goods required when delivery dates are confirmed.

DEANESTOR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Business risk (continued)

Subcontractor status

The majority of the group's business is undertaken as a subcontractor. Each contract is reviewed by a suitably qualified person in detail so that any risks are known and controlled.

The group is focused on building relationships with all major contractors working in healthcare, education, kitchen and student sectors. Within its production facilities the aim is to have a flexible workforce that can react to differing levels of demand whilst improving health and safety. Installation is carried out primarily by its own employees so as to provide an effective service.

Financial risk

Price risk, credit risk, liquidity risk and cash flow risk

The business's principal financial instruments comprise bank balances, invoice discounting facility, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business's operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of an invoice discounting facility and floating rates of interest. All of the business's cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of the money market facility when funds are available.

Trade debtors are managed in respect of credit and cash flow risks by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the statement of financial position are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans come from financial institutions. The interest rates are at 1.8% above bank base rate and monthly repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet these payments.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the repayments.

Covid-19

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first quarter of 2020, there has naturally been an impact to the operation of the group subsequent to the year under review. We have implemented plans aimed at protecting the interests of the group, our customers and wider stakeholders while prioritising the need to keep our workplaces as safe as possible for our people and clients, the board believe that the actions we have taken will mitigate some of the uncertainty created by Covid-19 and we are confident that the group has sufficient working capital to maintain operations.

On behalf of the board



W Tonkinson

Director

21 August 2020

DEANESTOR 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 and group continued to be that of the manufacture, distribution and installation of specialist furniture.

Directors

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

J A M E Stephens

P Waring

P S Calzetti

(Resigned 6 December 2019)

R Tonkinson

S Clark

W Tonkinson

F Richards

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 further dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

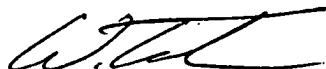
Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a fair review of its business, its principal risks and future developments.

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, each director has taken all the necessary steps that they ought to have taken as a director 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



W Tonkinson

Director

21 August 2020

DEANESTOR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and the Directors' 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 group and company, and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEANESTOR LIMITED

Opinion

We have audited the financial statements of Deanestor Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 group's and the parent company's affairs as at 31 December 2019 and of the group's 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 group and parent 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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. 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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 set out on page 4, 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 group's and the parent 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 group or the parent 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.

RSM UK Audit LLP

Kelly Boorman FCCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

7th Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

21 August 2020

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	18,357,172	16,315,593
Cost of sales		(12,428,023)	(11,098,956)
Gross profit		5,929,149	5,216,637
Administrative expenses		(5,159,392)	(4,522,423)
Operating profit	6	769,757	694,214
Interest receivable and similar income	8	978	15
Interest payable and similar expenses	9	(141,311)	(127,301)
Profit before taxation		629,424	566,928
Tax on profit	10	(86,858)	(71,112)
Profit for the financial year		542,566	495,816

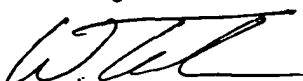
Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

DEANESTOR LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	11	400,967	365,284
Tangible assets	12	2,779,590	2,762,701
		<u>3,180,557</u>	<u>3,127,985</u>
Current assets			
Stocks	15	926,973	1,041,716
Debtors	16	6,720,963	3,874,136
Cash at bank and in hand		346,749	349,123
		<u>7,994,685</u>	<u>5,264,975</u>
Creditors: amounts falling due within one year	17	<u>(6,930,465)</u>	<u>(4,411,330)</u>
Net current assets		<u>1,064,220</u>	<u>853,645</u>
Total assets less current liabilities		<u>4,244,777</u>	<u>3,981,630</u>
Creditors: amounts falling due after more than one year	18	(1,154,510)	(1,471,929)
Provisions for liabilities	21	<u>(277,562)</u>	<u>(239,562)</u>
Net assets		<u>2,812,705</u>	<u>2,270,139</u>
Capital and reserves			
Called up share capital	23	943,960	943,960
Revaluation reserve		564,820	564,820
Capital redemption reserve		71,355	71,355
Profit and loss reserves		1,232,570	690,004
Total equity		<u>2,812,705</u>	<u>2,270,139</u>

The financial statements were approved by the board of directors and authorised for issue on 21 August 2020 and are signed on its behalf by:



W Tonkinson
Director

DEANESTOR LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		400,967		365,284
Tangible assets	12		2,774,319		2,752,663
Investments	13		101		101
			<u>3,175,387</u>		<u>3,118,048</u>
Current assets					
Stocks	15	926,973		1,041,716	
Debtors	16	7,065,644		4,342,513	
Cash at bank and in hand		<u>344,831</u>		<u>348,365</u>	
		8,337,448		5,732,594	
Creditors: amounts falling due within one year	17	<u>(6,911,457)</u>		<u>(4,351,443)</u>	
Net current assets			<u>1,425,991</u>		<u>1,381,151</u>
Total assets less current liabilities			<u>4,601,378</u>		<u>4,499,199</u>
Creditors: amounts falling due after more than one year	18		(1,154,510)		(1,471,929)
Provisions for liabilities	21		<u>(277,562)</u>		<u>(239,562)</u>
Net assets			<u><u>3,169,306</u></u>		<u><u>2,787,708</u></u>
Capital and reserves					
Called up share capital	23		943,960		943,960
Revaluation reserve			564,820		564,820
Capital redemption reserve			71,355		71,355
Profit and loss reserves			<u>1,589,171</u>		<u>1,207,573</u>
Total equity			<u><u>3,169,306</u></u>		<u><u>2,787,708</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £381,598 (2018 - £649,481 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 August 2020 and are signed on its behalf by:



W Tonkinson
Director

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2018	943,960	564,820	71,355	194,188	1,774,323
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	495,816	495,816
Balance at 31 December 2018	943,960	564,820	71,355	690,004	2,270,139
Year ended 31 December 2019:					
Profit and total comprehensive income for the year	-	-	-	542,566	542,566
Balance at 31 December 2019	943,960	564,820	71,355	1,232,570	2,812,705

DEANESTOR LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2018	943,960	564,820	71,355	558,092	2,138,227
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	649,481	649,481
Balance at 31 December 2018	943,960	564,820	71,355	1,207,573	2,787,708
Year ended 31 December 2019:					
Profit and total comprehensive income for the year	-	-	-	381,598	381,598
Balance at 31 December 2019	943,960	564,820	71,355	1,589,171	3,169,306

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(758,035)		759,680
Interest received			978		15
Income taxes refunded			3		18,643
Net cash (outflow)/inflow from operating activities			(757,054)		778,338
Investing activities					
Purchase of intangible assets		(29,586)		(66,340)	
Purchase of tangible fixed assets		(1,511)		(159,109)	
Proceeds on disposal of tangible fixed assets		55,917		46,512	
Net cash generated from/(used in) investing activities			24,820		(178,937)
Financing activities					
Proceeds from/(repayment of) invoice discounting arrangement		1,345,946		(54,672)	
Repayment of bank loans		(130,079)		(127,515)	
Advances from directors and owners		150,000		75,000	
Repayment to directors and owners		(225,000)		-	
Payment of finance leases obligations		(269,696)		(145,782)	
Interest paid		(141,311)		(127,301)	
Net cash generated from/(used in) financing activities			729,860		(380,270)
Net (decrease)/increase in cash and cash equivalents			(2,374)		219,131
Cash and cash equivalents at beginning of year			349,123		129,992
Cash and cash equivalents at end of year			346,749		349,123

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company Information

Deanestor Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Warren Way, Crown Farm Business Park, Mansfield, Nottinghamshire, NG19 0FL.

The group consists of Deanestor Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the adoption of the amendments issued in December 2017", ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate those of Deanestor Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the company's and group's position and its forecasts at the date of signing the accounts and with regard to the challenges presented by the current economic and health climate, the directors are satisfied that the company and group has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts. The directors consider that the company and group has adequate resources to enable it to continue in operational existence for the foreseeable future.

The directors and ultimate controlling party have provided funding to the company and group and have confirmed the debt will only be called upon when the company and group has surplus distributable cash after consideration of the working capital needs to enable the company and group to meet its liabilities as they fall due.

The directors therefore consider that is appropriate for the financial statements to be drawn up on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Revenue is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Sale of goods

Turnover is recognised when it and the associated costs can be measured reliably and future economic benefits are probable. Sales of goods are recognised when goods are delivered and legal title has passed and the group has no continuing managerial involvement associated with ownership or effective control of goods sold. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

Sale of installation

Turnover from contracts for installation services is recognised by reference to the stage of completion when the stage of completion can be estimated reliably. The stage of completion is calculated by comparing the number of goods installed as a proportion of total goods to be installed.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight line basis on the following bases:

Software	over 5 years
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DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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.

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:

Leasehold property	between 10 and 40 years
Plant and machinery	between 4 and 10 years
Office equipment	between 4 and 5 years
Motor vehicles	over 4 years

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.

Fixed asset investments

In the separate accounts of the company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If an indication exists, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to reflect the revised carrying amount (less any residual value) over its remaining useful life.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs appropriate to the stage of manufacture.

At each reporting date, the company assesses if stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the estimated selling price less costs to complete and sell over the carrying amount of the stock is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments 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.

Financial Instruments

The group 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 when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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 group 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.

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 group after deducting all of its liabilities.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, amounts owed to group undertakings 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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 group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the company substantially all of the risks and rewards incidental to ownership (finance leases and hire purchase contracts). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are "operating leases" and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Revenue recognition

In assessing the income to be recognised in respect of installation the stage of completion is calculated by comparing the number of goods installed as a proportion of total goods to be installed.

3 Turnover

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	15,365,975	13,902,900
Installation	2,991,197	2,412,693
	<u>18,357,172</u>	<u>16,315,593</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	18,357,172	16,315,593

4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production	82	86	78	83
Administrative	60	57	60	57
	142	143	138	140

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	4,297,986	4,358,322	4,122,759	4,197,508
Social security costs	435,897	442,816	418,040	429,287
Pension costs	129,684	51,079	124,142	48,533
	4,863,567	4,852,217	4,664,941	4,675,328

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	301,043	243,141
Company pension contributions to defined contribution schemes	8,405	5,513
	309,448	248,654

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 5).

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration (Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	77,296	75,942
Company pension contributions to defined contribution schemes	2,133	1,800

6 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	143,785	168,032
Depreciation of tangible fixed assets held under finance leases	106,952	111,690
Profit on disposal of tangible fixed assets	(12,131)	(12,405)
Operating lease charges	91,829	89,153

7 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	17,500	15,000

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	978	15

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	60,734	51,969
Other interest on financial liabilities	50,492	43,281
	111,226	95,250
Other finance costs:		
Interest on finance leases and hire purchase contracts	30,085	32,051
Total finance costs	141,311	127,301

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	48,858	5,822
Deferred tax		
Origination and reversal of timing differences	38,000	65,227
Adjustment in respect of prior periods	-	63
Total deferred tax	38,000	65,290
Total tax charge for the year	86,858	71,112

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	629,424	566,928
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	119,591	107,716
Tax effect of expenses that are not deductible in determining taxable profit	273	1,226
Effect of change in corporation tax rate	(7,477)	(11,210)
Group relief	-	(6,143)
Depreciation on assets not qualifying for tax allowances	17	9,512
Deferred tax adjustments in respect of prior years	-	63
Unrecognised deferred tax	(25,546)	(30,052)
Taxation charge for the year	86,858	71,112

Factors that may affect future tax charge

Legislation to reduce the main rate of corporation tax rate from 19% to 17% from 1 April 2020 had been substantively enacted before the period end. Following the March 2020 budget, legislation is being put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%, but this had not been substantively enacted before the period end. The deferred tax balances within these financial statements have been calculated at 17%.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Intangible fixed assets

Group	Software £
Cost	
At 1 January 2019	365,284
Additions - separately acquired	35,683
	<hr/>
At 31 December 2019	400,967
	<hr/>
Carrying amount	
At 31 December 2019	400,967
	<hr/>
At 31 December 2018	365,284
	<hr/>
Company	Software £
Cost	
At 1 January 2019	365,284
Additions - separately acquired	35,683
	<hr/>
At 31 December 2019	400,967
	<hr/>
Carrying amount	
At 31 December 2019	400,967
	<hr/>
At 31 December 2018	365,284
	<hr/>

Group and company

Software above relates to implementation of a new ERP system which is still ongoing and as such no amortisation has been charged.

The net carrying value of the software intangible assets includes £165,082 (2018: £nil) of assets held under finance leases.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Group	Leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	1,827,497	2,218,628	474,263	308,226	4,828,614
Additions	-	296,259	15,153	-	311,412
Disposals	-	(12,725)	-	(130,048)	(142,773)
At 31 December 2019	1,827,497	2,502,162	489,416	178,178	4,997,253
Depreciation and impairment					
At 1 January 2019	234,714	1,248,182	407,424	175,593	2,065,913
Depreciation charged in the year	49,892	132,910	30,415	37,520	250,737
Eliminated in respect of disposals	-	(11,453)	-	(87,534)	(98,987)
At 31 December 2019	284,606	1,369,639	437,839	125,579	2,217,663
Carrying amount					
At 31 December 2019	1,542,891	1,132,523	51,577	52,599	2,779,590
At 31 December 2018	1,592,783	970,446	66,839	132,633	2,762,701
Company					
	Leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	1,827,497	2,218,628	448,819	308,226	4,803,170
Additions	-	296,259	14,788	-	311,047
Disposals	-	(12,725)	-	(130,048)	(142,773)
At 31 December 2019	1,827,497	2,502,162	463,607	178,178	4,971,444
Depreciation and impairment					
At 1 January 2019	234,714	1,248,182	392,018	175,593	2,050,507
Depreciation charged in the year	49,892	132,910	25,283	37,520	245,605
Eliminated in respect of disposals	-	(11,453)	-	(87,534)	(98,987)
At 31 December 2019	284,606	1,369,639	417,301	125,579	2,197,125
Carrying amount					
At 31 December 2019	1,542,891	1,132,523	46,306	52,599	2,774,319
At 31 December 2018	1,592,783	970,446	56,801	132,633	2,752,663

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and machinery	718,445	654,654	718,445	654,654
Office equipment	217,082	328,392	217,082	328,392
Motor vehicles	45,567	201,974	45,567	201,974
	<u>981,094</u>	<u>1,185,020</u>	<u>981,094</u>	<u>1,185,020</u>
Depreciation charge for the year in respect of leased assets	<u>106,952</u>	<u>111,690</u>	<u>106,952</u>	<u>111,690</u>

The leasehold property represents the construction costs of the company's premises which are built on land subject to a lease. The lease for the land is accounted for as an operating lease. The property is included at its deemed cost on transition to FRS 102 which was based on an independent professional valuation performed in 2014 by Innes England. The valuation determined the market value of the property based on a vacant possession basis.

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Cost	1,483,023	1,483,023	1,483,023	1,483,023
Accumulated depreciation	(637,938)	(573,433)	(637,938)	(573,433)
Carrying value	<u>845,085</u>	<u>909,590</u>	<u>845,085</u>	<u>909,590</u>

Leasehold property with a carrying amount of £1,542,891 (2018: £1,592,783) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	101	101

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 and 31 December 2019	101
Carrying amount	
At 31 December 2019	101
At 31 December 2018	101

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Deanestor Scotland Limited	Suite G1, Buchan House, Carnegie Campus, Enterprise Way, Dunfermline, KY11 8GR	Manufacture, distribution and installation of specialist furniture	Ordinary	100
Cygnat Laboratories	Warren Way, Crown Farm Business Park, Mansfield, Nottinghamshire, NG19 0FL	Dormant	Ordinary	100

Deanestor Scotland Limited has applied the subsidiary company exemption from audit by virtue of S479A of the Companies Act 2006.

15 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	888,660	1,000,068	888,660	1,000,068
Work in progress	38,313	41,648	38,313	41,648
	<u>926,973</u>	<u>1,041,716</u>	<u>926,973</u>	<u>1,041,716</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,521,387	2,752,132	5,478,031	2,698,137
Corporation tax recoverable	-	3	-	3
Amounts owed by group undertakings	165,160	307,970	597,260	872,256
Other debtors	62,978	74,326	23,050	74,325
Prepayments and accrued income	425,944	276,323	421,809	234,410
	<u>6,175,469</u>	<u>3,410,754</u>	<u>6,520,150</u>	<u>3,879,131</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>545,494</u>	<u>463,382</u>	<u>545,494</u>	<u>463,382</u>
Total debtors	<u>6,720,963</u>	<u>3,874,136</u>	<u>7,065,644</u>	<u>4,342,513</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	19	133,552	130,827	133,552	130,827
Obligations under finance leases	20	261,868	230,951	261,868	230,951
Trade creditors		2,746,938	1,778,748	2,744,302	1,776,107
Amounts owed to group undertakings		105,070	91,000	105,070	91,000
Corporation tax payable		48,858	-	46,337	-
Other taxation and social security		143,672	333,315	132,855	328,521
Other creditors		3,144,183	1,662,729	3,141,660	1,640,910
Accruals and deferred income		346,324	183,760	345,813	153,127
		<u>6,930,465</u>	<u>4,411,330</u>	<u>6,911,457</u>	<u>4,351,443</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within other creditors are amounts due on invoice discounting of £2,825,822 (2018: £1,479,876) (company of £2,825,822 (2018: £1,458,631)) are secured by a floating charge over the group's book debt. The invoice discounting facility is an annual facility, subject to review at various dates and is repayable on demand. The average interest rate on invoice discounting facilities was 2.7%.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	19	278,386	411,190	278,386	411,190
Obligations under finance leases	20	476,024	460,639	476,024	460,639
Other borrowings	19	100	100	100	100
Other creditors		400,000	600,000	400,000	600,000
		<u>1,154,510</u>	<u>1,471,929</u>	<u>1,154,510</u>	<u>1,471,929</u>

19 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	411,938	542,017	411,938	542,017
Preference shares	100	100	100	100
	<u>412,038</u>	<u>542,117</u>	<u>412,038</u>	<u>542,117</u>
Payable within one year	133,552	130,827	133,552	130,827
Payable after one year	<u>278,486</u>	<u>411,290</u>	<u>278,486</u>	<u>411,290</u>

The bank loan is secured by a fixed charge over the assets of the group.

The bank loan is repayable by monthly instalments over 14 years commencing March 2008, with interest being charged at 1.8% above base rate.

Preference shares

The preference shares carry no voting rights and, in the event of the company being wound up, the assets remaining after the payment of the debts and liabilities of the company and the costs of liquidation shall be applied first in repaying the amounts paid up on the preference shares and any arrears on preference dividends. The shares carry an entitlement to a fixed dividend of 7.5%.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Less than one year	261,868	230,951	261,868	230,951
Between one and five years	476,024	460,639	476,024	460,639
	<u>737,892</u>	<u>691,590</u>	<u>737,892</u>	<u>691,590</u>

Finance lease payments represent rentals payable by the company for certain items of fixed assets. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 12.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2019 £	Liabilities 2018 £
Group and company		
Accelerated capital allowances	160,694	120,348
Revaluations	121,456	121,456
Other timing differences	(4,588)	(2,242)
	<u>277,562</u>	<u>239,562</u>
	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	239,562	239,562
Charge to profit or loss	38,000	38,000
Liability at 31 December 2019	<u>277,562</u>	<u>277,562</u>

The deferred tax liability set out above relates to accelerated capital allowances and revaluation of property that are expected to reverse over the life of the assets to which they relate, or on disposal of the asset.

The deferred tax asset relates to unutilised tax losses that are expected to be utilised in the next two years.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	129,684	51,079

The group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end there were unpaid pension contributions totalling £52,057 (2018: £24,637) which are included within other creditors in these financial statements.

23 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
943,960 Ordinary shares of £1 each	943,960	943,960

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Preference shares

The preference shares are classified as liabilities and details are shown in note 19.

24 Reserves

Reserves of the company represent the following:

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Capital redemption reserve

The nominal value of shares repurchased by the company.

Retained earnings

Cumulative profit and loss net of distributions to owners.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	412,870	28,064	412,870	28,064
Between one and five years	613,830	98,880	613,830	98,880
In over five years	62,500	2,292,780	62,500	2,292,780
	<u>1,089,200</u>	<u>2,419,724</u>	<u>1,089,200</u>	<u>2,419,724</u>

26 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	542,566	495,816
Adjustments for:		
Taxation charged	86,858	71,112
Finance costs	141,311	127,301
Investment income	(978)	(15)
Profit on disposal of tangible fixed assets	(12,131)	(12,405)
Depreciation and impairment of tangible fixed assets	250,737	279,722
Movements in working capital:		
Decrease/(increase) in stocks	114,743	(184,141)
(Increase)/decrease in debtors	(2,846,830)	212,387
Increase/(decrease) in creditors	965,689	(230,097)
Cash (absorbed by)/generated from operations	<u>(758,035)</u>	<u>759,680</u>

27 Analysis of changes in net debt - group

	1 January 2019 £	Cash flows £	New finance leases £	31 December 2019 £
Cash at bank and in hand	349,123	(2,374)	-	346,749
Invoice discounting facility	(1,479,876)	(1,345,946)	-	(2,825,822)
Borrowings excluding overdrafts	(1,267,117)	205,079	-	(1,062,038)
Obligations under finance leases	(691,590)	269,696	(315,998)	(737,892)
	<u>(3,089,460)</u>	<u>(873,545)</u>	<u>(315,998)</u>	<u>(4,279,003)</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

28 Financial commitments, guarantees and contingent liabilities

At 31 December 2019, the company has given guarantees amounting to £702,447 (2018: £61,742) in respect of contract related performance bonds arising in the normal course of business of the company.

29 Capital commitments

Capital expenditure contracted but not provided for in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of intangible assets	-	7,354	-	7,354

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	342,058	362,220

During the year, consultancy fees were charged by Bridgecroft Limited, a company whose directors and shareholders are J A M E Stephens, W A Tonkinson and R J Tonkinson, totalling £355,443 (2018: £205,380). As at 31 December 2019 £160,800 (2018: £36,000) remained outstanding within accruals which is due for payment under normal business terms.

During the year, the group made sales of £542,092 (2018: £1,251,349) and had purchases of £211,032 (2018: £218,249) with entities under common control. At the year end amounts owed to these entities was £107,088 (2018: £119,058) and amounts due from these entities amounted to £773,631 (2018: £845,429). The entities under common control are Dentalstyle Limited, Ryton Holdings Limited, Off Site Solutions (RT) Limited and Off Site Solutions (CI) Limited, all of which are under the control of the ultimate controlling party.

During the year ended 31 December 2017 £600,000 was loaned to the group from entities under the control of the ultimate controlling party company. £400,000 remained outstanding and is included within other creditors due after one year. This loan is unsecured and interest is charged at a rate of 5%. The total interest charge in the year in respect of this loan was £23,958 (2018: £30,000).

There was a loan of £100,000 (2018: £125,000) from a director of the company included within other creditors. This loan is also unsecured and interest is charged at 5% over base rate per annum on this loan. At the year end there was £10,603 (2018: £7,000) of interest accruing on this loan which is included within accruals.

During the year there was a further loan of £150,000 (2018: £nil) from a shareholder of the company included within other creditors. This loan is unsecured and interest is charged at 5% over base rate per annum on this loan. At the year end there was £1,917 (2018: £nil) of interest accruing on this loan which is included within accruals.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

31 Events after the reporting date

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first quarter of 2020, there has naturally been an impact to the operation of the group subsequent to the year under review. The directors have determined that this event is a non-adjusting subsequent event, and do not consider there to be a material financial effect as a result of Covid-19.

32 Controlling party

The directors consider the immediate and ultimate parent undertaking to be Primeco Limited, by nature of its majority shareholding in the company. Primeco Limited is a company registered in Guernsey.

The directors consider the ultimate controlling party to be Mr R B Tonkinson.