

Company Registration No. 02946819 (England and Wales)

DEANESTOR LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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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 Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS

DEANESTOR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The principal activity of the group during the year was the manufacture, distribution, and installation of specialist furniture within the Healthcare, Education, Student accommodation and BTR kitchen sectors.

During the financial period to 31 December 2022, we increased turnover from £14.3m in FY2021 to £19.2m in FY2022 resulting in an operating profit of £749k in FY2022.

	2022	2021
Turnover	£19.2m	£14.3m
Operating profit / (loss) before Exceptional items	£0.75m	£(0.39)m

2022 saw a return to pre pandemic levels of business (£18.3m FY2019) resulting in a healthy operating profit. The increase in revenue was driven by a strengthening pipeline of work with fewer delays to projects than we experienced in FY2020 and FY2021 along with increased success in the PRS/BTR sector.

Deanestor's pipeline of work currently stands at £26.0m up from July 2022 £25.2m and July 2021 £22.6m. The Directors believe that the group is well placed to take advantage of the diverse markets that the business operates in (Healthcare, Education, Student accommodation and BTR kitchens).

Future trading

As at July 2023, Deanestor has a record order book with a value of £26.0m, having secured orders worth £17.3m, during the first 6 months of 2023.

All sectors Deanestor operates in continue to generate opportunities and the group expects further increased revenues in 2023 and 2024 as a result of the growth of the order book/quote book and our reputation for high quality products and services.

There looks to be significant government spending planned for schools and hospitals in the coming years and Deanestor's reputation within these sectors will stand the group in a prime position to benefit from this. The growth we are currently seeing in the BTR market continues to give us numerous opportunities to secure work with new clients and the student accommodation market continues to be buoyant with Deanestor working exclusively with a small number of top providers.

2023 will see further investment in plant and machinery which will allow us to become more efficient in our operations.

2021 saw the final phases of the new ERP system implementation with a live system running from 1 January 2022, allowing the business to operate more efficiently and give the management team improved access to live data. 2022 has proved the ERP system to be a success and the efficiencies it brings continue to be realised.

The future trading prospects of the business are extremely promising due to the current demand within the markets we operate in and the strength of our order book. As a result, we expect to see further growth with increased turnover in 2023 and onwards. 2023 Q1 and Q2 turnover stands at £10.3m with a forecast £21.7m.

DEANESTOR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business risk

The principal risks and uncertainties for the group continue to be labour and material prices. We have seen more certainty in prices over the past 6 months but this remains a risk going forward. Where possible Deanestor has taken steps to protect against some of these increases by forward buying board materials and hardware for future secured projects. We continue to regularly update our estimating templates to ensure they are populated with current material and labour prices.

A large proportion of the group's sales relate to large construction projects which can be subject to delays. A number of these projects are dependent on public and private sector funding.

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

The group is focused on building relationships with all the major specifiers, contractors and developers. Within its production facilities the aim is to have a long-term flexible workforce that can react to differing levels of demand whilst improving health and safety and maintaining the quality of workmanship.

Financial risk

The business' principal instruments are bank balances, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business operations. In respect of bank balances, the liquidity risk is managed by maintaining a balance the continuity of funding and flexibility through the use of an invoice discounting loan at floating rates of interest. All of the business' cash balance are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both age and credit limits. The group uses credit insurance to cover the debtor risk. The debtor amounts presented in the balance sheet are net of allowances for doubtful debts.

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

Future developments

Deanestor's aim is to further consolidate its position as market leader in the Healthcare and Education sectors while pushing further into the Student and Kitchen markets. We are well positioned to both increase our turnover/profits and market share over forthcoming years. FY2023 looks set to be another record year for the business with 2024 projections currently forecasting further increases in turnover and operating profit.

The board believes that the group's strategy together with its market position and experienced management team will ensure a steady growth in both revenues and operating profit in the coming periods.

On behalf of the board



W Tonkinson

Director

Date: 21/07/23

DEANESTOR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of the manufacture, distribution and installation of specialist furniture.

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 further dividend.

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
R Tonkinson
S Clark
W Tonkinson
F Richards

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



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W Tonkinson
Director

Date: 21/07/23
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DEANESTOR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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;
- 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 2022 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 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 of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included review and assessment of the current secured work, review and challenge of cash flow forecasts and assessment of expected margins covering the period to July 2024.

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 group's or the parent 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.

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 or 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations, review legal expenditure within the year, agreeing that the business has appropriate certification and accreditation during the period and review of the systems and control which are in place to capture material non-compliance with significant laws and regulations.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and cut-off testing and other substantive testing procedures to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located 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.

Kelly Boorman

Kelly Boorman FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
7th Floor, East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

21/07/23.....

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	19,224,266	14,254,828
Cost of sales		(12,676,634)	(9,516,428)
Gross profit		6,547,632	4,738,400
Administrative expenses		(5,798,944)	(5,186,961)
Other operating income		-	54,607
Exceptional item	4	-	(331,497)
Operating profit/(loss)	7	748,688	(725,451)
Interest payable and similar expenses	9	(188,506)	(118,732)
Profit/(loss) before taxation		560,182	(844,183)
Tax on profit/(loss)	10	(145,866)	(36,929)
Profit/(loss) for the financial year		414,316	(881,112)
Other comprehensive income net of taxation			
Revaluation of tangible fixed assets		-	356,256
Total comprehensive income for the year		414,316	(524,856)

Profit/(loss) 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 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		399,730		509,136
Tangible assets	12		2,623,713		2,795,334
			<u>3,023,443</u>		<u>3,304,470</u>
Current assets					
Stocks	15	1,156,680		940,813	
Debtors	16	5,986,533		3,781,071	
Cash at bank and in hand		175,730		9,422	
		<u>7,318,943</u>		<u>4,731,306</u>	
Creditors: amounts falling due within one year	17	(5,948,242)		(4,941,549)	
Net current assets/(liabilities)			<u>1,370,701</u>		<u>(210,243)</u>
Total assets less current liabilities			<u>4,394,144</u>		<u>3,094,227</u>
Creditors: amounts falling due after more than one year	18		(1,863,140)		(1,123,606)
Provisions for liabilities	21		(386,626)		(240,559)
Net assets			<u>2,144,378</u>		<u>1,730,062</u>
Capital and reserves					
Called up share capital	23		943,960		943,960
Revaluation reserve			921,076		921,076
Capital redemption reserve			71,355		71,355
Capital contribution reserve			200,000		200,000
Profit and loss reserves			7,987		(406,329)
Total equity			<u>2,144,378</u>		<u>1,730,062</u>

The financial statements were approved by the board of directors and authorised for issue on 21/07/23 and are signed on its behalf by:



W Tonkinson
Director

DEANESTOR LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		399,730		509,136
Tangible assets	12		2,618,504		2,787,508
Investments	13		100		100
			<u>3,018,334</u>		<u>3,296,744</u>
Current assets					
Stocks	15	1,156,680		940,813	
Debtors	16	5,975,953		3,825,519	
Cash at bank and in hand		171,848		7,450	
		<u>7,304,481</u>		<u>4,773,782</u>	
Creditors: amounts falling due within one year	17	(6,222,836)		(4,920,506)	
Net current assets/(liabilities)			<u>1,081,645</u>		<u>(146,724)</u>
Total assets less current liabilities			<u>4,099,979</u>		<u>3,150,020</u>
Creditors: amounts falling due after more than one year	18		(1,863,140)		(1,123,606)
Provisions for liabilities	21		(385,964)		(239,404)
Net assets			<u>1,850,875</u>		<u>1,787,010</u>
Capital and reserves					
Called up share capital	23		943,960		943,960
Revaluation reserve			921,076		921,076
Capital redemption reserve			71,355		71,355
Capital contribution reserve			200,000		200,000
Profit and loss reserves			(285,516)		(349,381)
Total equity			<u>1,850,875</u>		<u>1,787,010</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 £63,865 (2021: £1,003,031 loss).

The financial statements were approved by the board of directors and authorised for issue on 21/07/23 and are signed on its behalf by:

W. Tonkinson

W Tonkinson
Director

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Revaluation reserve	Capital redemption reserve	Capital contribution reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 January 2021	943,960	564,820	71,355	-	474,783	2,054,918
Year ended 31 December 2021:						
Loss for the year	-	-	-	-	(881,112)	(881,112)
Other comprehensive income net of taxation:						
Revaluation of tangible fixed assets	-	356,256	-	-	-	356,256
Total comprehensive loss for the year	-	356,256	-	-	(881,112)	(524,856)
Other movements	-	-	-	200,000	-	200,000
Balance at 31 December 2021	943,960	921,076	71,355	200,000	(406,329)	1,730,062
Year ended 31 December 2022:						
Profit and total comprehensive income for the year	-	-	-	-	414,316	414,316
Balance at 31 December 2022	943,960	921,076	71,355	200,000	7,987	2,144,378

DEANESTOR LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Revaluation reserve	Capital redemption reserve	Capital contribution reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 January 2021	943,960	564,820	71,355	-	653,650	2,233,785
Year ended 31 December 2021:						
Loss for the year	-	-	-	-	(1,003,031)	(1,003,031)
Other comprehensive income net of taxation:						
Revaluation of tangible fixed assets	-	356,256	-	-	-	356,256
Total comprehensive income for the year	-	356,256	-	-	(1,003,031)	(646,775)
Other movements	-	-	-	200,000	-	200,000
Balance at 31 December 2021	943,960	921,076	71,355	200,000	(349,381)	1,787,010
Year ended 31 December 2022:						
Profit and total comprehensive income for the year	-	-	-	-	63,865	63,865
Balance at 31 December 2022	943,960	921,076	71,355	200,000	(285,516)	1,850,875

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	26	(353,661)		(246,194)	
Income taxes refunded		52,360		-	
Net cash outflow from operating activities		(301,301)		(246,194)	
Investing activities					
Purchase of intangible assets		(13,615)		(37,132)	
Purchase of tangible fixed assets		(84,693)		(92,505)	
Proceeds on disposal of tangible fixed assets		11,484		18,131	
Net cash used in investing activities		(86,824)		(111,506)	
Financing activities					
Proceeds from invoice discounting arrangement		215,807		543,405	
Repayment of bank loans		(200,495)		(311,329)	
Loans received from directors and owners		685,000		575,000	
Repayment to directors and owners		(205,000)		(300,000)	
Loans received from related parties		500,000		100,000	
Repayments of loans received from related parties		(75,000)		-	
Payment of finance leases obligations		(208,883)		(224,307)	
Interest paid		(156,996)		(95,714)	
Net cash generated from financing activities		554,433		287,055	
Net increase/(decrease) in cash and cash equivalents		166,308		(70,645)	
Cash and cash equivalents at beginning of year		9,422		80,067	
Cash and cash equivalents at end of year		175,730		9,422	

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

The company is a qualifying entity for the purposes of FRS 102, being the parent of a group which prepares publicly available consolidated financial statements. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 2022. 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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Basis of consolidation (Continued)

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.

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 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 it 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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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 4 years
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Amortisation is not charged until assets are brought into economic use.

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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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 entities under common control 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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 group after deducting all of its liabilities.

Basic financial liabilities

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

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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.

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.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Impairment of intangible and tangible fixed assets

Determining whether Intangible fixed asset and tangible fixed assets are impaired requires an estimation at the higher of fair value less costs to sell and value in use of the cash generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying value of Intangible fixed asset and tangible fixed assets at the year was £3,023,443 (2021: £3,304,470).

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.

Amortisation and depreciation

The assessment of the useful economic lives, residual values and the method of amortising intangible fixed assets and depreciating tangible fixed assets requires judgement. Amortisation and depreciation are charged to the statement of comprehensive income based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified. The carrying value of intangible fixed assets and tangible fixed assets at the year end was £3,023,443 (2021: £3,304,470) with amortisation and depreciation charge in the year of £341,667 (2021: £221,115).

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	16,795,508	11,470,055
Installation	2,428,758	2,784,773
	<u>19,224,266</u>	<u>14,254,828</u>

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	<u>19,224,266</u>	<u>14,254,828</u>

	2022 £	2021 £
Other revenue		
Grants received:		
Coronavirus job retention scheme	-	71,058
Coronavirus business interruption loan scheme	-	5,958
	<u>-</u>	<u>77,016</u>

4 Exceptional item

	2022 £	2021 £
Expenditure		
Exceptional costs	-	331,497
	<u>-</u>	<u>331,497</u>

The exceptional costs in the previous year related to a provision against a historical related party balance due to the company and group.

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	71	72	67	68
Administrative	58	58	58	58
Total	<u>129</u>	<u>130</u>	<u>125</u>	<u>126</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	4,644,709	4,298,970	4,358,334	4,047,443
Social security costs	504,863	435,409	475,632	407,934
Pension costs	153,259	142,590	143,594	133,139
	<u>5,302,831</u>	<u>4,876,969</u>	<u>4,977,560</u>	<u>4,588,516</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	454,931	388,646
Company pension contributions to defined contribution schemes	8,317	8,188
	<u>463,248</u>	<u>396,834</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021: 3).

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

	2022 £	2021 £
Remuneration for qualifying services	111,545	82,388
Company pension contributions to defined contribution schemes	-	2,796
	<u>-</u>	<u>2,796</u>

The directors are considered to be the key management personnel of the group and their remuneration is shown above, and in addition there are employer's national insurance contributions of £53,955 (2021: £42,946).

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Operating profit/(loss)

	2022 £	2021 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	-	(77,016)
Depreciation of owned tangible fixed assets	119,934	131,025
Depreciation of tangible fixed assets held under finance leases	98,712	90,090
Loss on disposal of tangible fixed assets	26,184	15,000
Amortisation of intangible assets	123,021	-
Operating lease charges	381,341	395,060
	<u> </u>	<u> </u>

Detail of government grants received is given in note 3.

8 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	38,250	26,000
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on loans	91,886	43,790
Other interest on financial liabilities	63,376	34,890
Interest on finance leases and hire purchase contracts	33,244	40,052
	<u> </u>	<u> </u>
Total finance costs	188,506	118,732
	<u> </u>	<u> </u>

10 Taxation

	2022 £	2021 £
Current tax		
Adjustments in respect of prior periods	(201)	-
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	149,169	(27,376)
Changes in tax rates	-	64,305
Adjustment in respect of prior periods	(3,102)	-
	<u> </u>	<u> </u>
Total deferred tax	146,067	36,929
	<u> </u>	<u> </u>
Total tax charge for the year	145,866	36,929
	<u> </u>	<u> </u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation (Continued)

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

	2022 £	2021 £
Profit/(loss) before taxation	560,182	(844,183)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	106,435	(160,395)
Tax effect of expenses that are not deductible in determining taxable profit	1,278	63,154
Gains not taxable	-	67,689
Adjustments in respect of prior years	(201)	-
Depreciation on assets not qualifying for tax allowances	5,655	5,842
Deferred tax adjustments in respect of prior years	(3,102)	-
Remeasurement of deferred tax for changes in tax rates	35,801	57,734
Unrecognised deferred tax	-	2,905
Taxation charge for the year	145,866	36,929

Factors that may affect future tax charge

Following the March 2021 budget, legislation had been substantively enacted before the year end date for the main rate of corporation tax to increase from 19% to 25% from 1 April 2023. The deferred tax balances within these financial statements have therefore been calculated to reflect the rate increasing to 25%.

11 Intangible fixed assets

Group	Software £
Cost	
At 1 January 2022	509,136
Additions - separately acquired	13,615
At 31 December 2022	522,751
Amortisation and impairment	
Amortisation charged for the year	123,021
At 31 December 2022	123,021
Carrying amount	
At 31 December 2022	399,730
At 31 December 2021	509,136

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets (Continued)

Company	Software £
Cost	
At 1 January 2022	509,136
Additions - separately acquired	13,615
At 31 December 2022	522,751
Amortisation and impairment	
Amortisation charged for the year	123,021
At 31 December 2022	123,021
Carrying amount	
At 31 December 2022	399,730
At 31 December 2021	509,136

Group and company

The net carrying value of the software intangible assets includes £362,110 (2021: £482,736) of assets held under finance leases. The amortisation for the year in respect of leased assets is £120,626 (2021: £nil).

12 Tangible fixed assets

Group	Leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	1,800,000	2,307,097	180,449	48,045	4,335,591
Additions	-	68,702	15,991	-	84,693
Disposals	-	(63,224)	(31,089)	(17,800)	(112,113)
At 31 December 2022	1,800,000	2,312,575	165,351	30,245	4,308,171
Depreciation and impairment					
At 1 January 2022	-	1,380,794	135,243	24,220	1,540,257
Depreciation charged in the year	58,301	133,804	20,687	5,854	218,646
Eliminated in respect of disposals	-	(55,817)	(12,954)	(5,674)	(74,445)
At 31 December 2022	58,301	1,458,781	142,976	24,400	1,684,458
Carrying amount					
At 31 December 2022	1,741,699	853,794	22,375	5,845	2,623,713
At 31 December 2021	1,800,000	926,303	45,206	23,825	2,795,334

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets (Continued)

Company	Leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	1,800,000	2,307,097	143,354	48,045	4,298,496
Additions	-	68,702	15,191	-	83,893
Disposals	-	(63,224)	(31,089)	(17,800)	(112,113)
At 31 December 2022	1,800,000	2,312,575	127,456	30,245	4,270,276
Depreciation and impairment					
At 1 January 2022	-	1,380,794	105,974	24,220	1,510,988
Depreciation charged in the year	58,301	133,804	17,270	5,854	215,229
Eliminated in respect of disposals	-	(55,817)	(12,954)	(5,674)	(74,445)
At 31 December 2022	58,301	1,458,781	110,290	24,400	1,651,772
Carrying amount					
At 31 December 2022	1,741,699	853,794	17,166	5,845	2,618,504
At 31 December 2021	1,800,000	926,303	37,380	23,825	2,787,508

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and machinery	223,731	584,349	223,731	584,349
Office equipment	196,968	376,589	196,968	376,589
Motor vehicles	-	4,624	-	4,624
	420,699	965,562	420,699	965,562
Depreciation charge for the year in respect of leased assets	98,712	90,090	98,712	90,090

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, was revalued at April 2021 by Jones Lang LaSalle Limited, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets (Continued)

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 2022 £	2021 £	Company 2022 £	2021 £
Cost	1,483,023	1,483,023	1,483,023	1,483,023
Accumulated depreciation	(831,453)	(766,948)	(831,453)	(766,948)
Carrying value	<u>651,570</u>	<u>716,075</u>	<u>651,570</u>	<u>716,075</u>

Leasehold property with a carrying amount of £1,741,699 (2021: £1,800,000) 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 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	100	100

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2022 and 31 December 2022	<u>100</u>
Carrying amount	
At 31 December 2022	<u>100</u>
At 31 December 2021	<u>100</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 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	100.00	

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

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	1,099,519	921,367	1,099,519	921,367
Work in progress	57,161	19,446	57,161	19,446
	<u>1,156,680</u>	<u>940,813</u>	<u>1,156,680</u>	<u>940,813</u>

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	4,746,131	2,893,640	4,746,131	2,891,961
Corporation tax recoverable	-	52,159	-	52,159
Amounts owed by group undertakings	-	-	-	71,551
Amounts owed by entities under common control	242,251	161,850	242,251	161,850
Other debtors	168,593	136,597	167,822	112,837
Prepayments and accrued income	472,277	205,328	462,468	203,664
	<u>5,629,252</u>	<u>3,449,574</u>	<u>5,618,672</u>	<u>3,494,022</u>

Amounts falling due after more than one year:

Amounts owed by entities under common control	<u>357,281</u>	<u>331,497</u>	<u>357,281</u>	<u>331,497</u>
Total debtors	<u>5,986,533</u>	<u>3,781,071</u>	<u>5,975,953</u>	<u>3,825,519</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors (Continued)

Amounts owed by group undertakings are unsecured and interest free. Amounts owed by group undertakings due within one year have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	19	139,887	202,595	139,887	202,595
Obligations under finance leases	20	98,110	209,314	98,110	209,314
Trade creditors		2,945,146	1,827,474	2,944,664	1,826,752
Amounts owed to group undertakings		-	-	316,954	-
Amounts owed to entities under common control		36,540	-	36,540	-
Other taxation and social security		120,756	135,584	112,780	120,404
Other creditors		2,359,682	2,273,701	2,325,780	2,271,507
Accruals and deferred income		248,121	292,881	248,121	289,934
		<u>5,948,242</u>	<u>4,941,549</u>	<u>6,222,836</u>	<u>4,920,506</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 £2,063,826 (2021: £1,848,019) (company of £2,063,826 (2021: £1,848,019)). This is secured by a fixed and floating charge over the group's assets. 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% (2021: 2.7%).

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	19	376,900	514,687	376,900	514,687
Obligations under finance leases	20	111,140	208,819	111,140	208,819
Other borrowings	19	100	100	100	100
Other creditors		1,375,000	400,000	1,375,000	400,000
		<u>1,863,140</u>	<u>1,123,606</u>	<u>1,863,140</u>	<u>1,123,606</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	516,787	717,282	516,787	717,282
Preference shares	100	100	100	100
	<u>516,887</u>	<u>717,382</u>	<u>516,887</u>	<u>717,382</u>
Payable within one year	139,887	202,595	139,887	202,595
Payable after one year	<u>377,000</u>	<u>514,787</u>	<u>377,000</u>	<u>514,787</u>

Group and company

Included within bank loans is a loan totalling £103,150 (2021: £185,463). The loan is repayable by monthly instalments and is due for repayment by December 2024. Interest is being charged at 2% above base rate with interest of £2,962 (2021: £5,018) being paid during the year.

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

During 2020 the company received a further bank loan of £650,000 through the Coronavirus Business Interruption Loan Scheme ("CBILS"). Interest on the CBILS loan is charged on a floating rate basis under which the interest rate will never be less than 2.75% per annum, with interest of £16,891 (2021: £12,886) being paid during the year. This loan is secured by way of a fixed and floating charge against the company's assets, plus a guarantee of 80% of the loan value by the UK government. At the year end the balance on this loan was £413,637 (2021: £531,818).

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%.

20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	98,110	209,314	98,110	209,314
Between one and five years	<u>111,140</u>	<u>208,819</u>	<u>111,140</u>	<u>208,819</u>
	<u>209,250</u>	<u>418,133</u>	<u>209,250</u>	<u>418,133</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 notes 11 and 12.

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	222,717	261,423
Tax losses	(101,011)	(284,591)
Revaluations	267,676	267,675
Other timing differences	(2,756)	(3,948)
	<u>386,626</u>	<u>240,559</u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	221,847	259,994
Tax losses	(101,011)	(284,591)
Revaluations	267,676	267,675
Other timing differences	(2,548)	(3,674)
	<u>385,964</u>	<u>239,404</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	240,559	239,404
Charge to profit or loss	146,067	146,560
Liability at 31 December 2022	<u>386,626</u>	<u>385,964</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 2022

22 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	153,259	142,590

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 £21,786 (2021: £31,587) which are included within other creditors in these financial statements.

23 Share capital

	Group and Company			
	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	943,960	943,960	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.

Capital contribution reserve

The capital contribution reserve relates to a waiver of a loan from its owners.

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 2022

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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	401,861	250,305	401,861	250,305
Between one and five years	443,471	309,392	443,471	309,392
	<u>845,332</u>	<u>559,697</u>	<u>845,332</u>	<u>559,697</u>

26 Cash generated from group operations

	2022 £	2021 £
Profit/(loss) for the year after tax	414,316	(881,112)
Adjustments for:		
Taxation charged	145,866	36,929
Finance costs	188,506	118,732
Loss on disposal of tangible fixed assets	26,184	15,000
Amortisation and impairment of intangible assets	123,021	-
Depreciation of tangible fixed assets	218,646	221,115
Movements in working capital:		
(Increase) in stocks	(215,867)	(83,278)
(Increase)/decrease in debtors	(2,257,621)	411,178
Increase/(decrease) in creditors	1,003,288	(84,758)
Cash absorbed by operations	<u>(353,661)</u>	<u>(246,194)</u>

27 Analysis of changes in net debt - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	9,422	166,308	175,730
Invoice discounting facility	(1,848,019)	(215,807)	(2,063,826)
Borrowings excluding overdrafts	(1,417,382)	(704,505)	(2,121,887)
Obligations under finance leases	(418,133)	208,883	(209,250)
	<u>(3,674,112)</u>	<u>(545,121)</u>	<u>(4,219,233)</u>

DEANESTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

28 Related party transactions

The key management personnel of the group, who are also directors, are responsible for planning the activities of the group, see note 6 for details of their remuneration.

Group and company

During the prior year, a loan was received from Bridgecroft Limited, a company whose directors and shareholders are J A M E Stephens, W A Tonkinson and R J Tonkinson. The loan amounted to £nil (2021: £75,000) of which £75,000 was paid within the year leaving £nil (2021: £75,000) outstanding at the year end. During the year, consultancy fees were charged by Bridgecroft Limited amounting to £nil (2021: £54,426).

During the year, the group made sales of £394,640 (2021: £110,725), had purchases of £352,528 (2021: £228,976), received loans of £nil (2021: £25,000) and provided for doubtful debts of £nil (2021: £331,497) with entities under common control. At the year end amounts owed to these entities was £36,540 (2021: £86,837) and amounts due from these entities amounted to £242,252 (2021: £493,347). The entities under common control are Dentalstyle Limited, Ryton Holdings Limited and Off Site Solutions (RT) Limited, all of which are under the control of the ultimate controlling party.

As at 31 December 2022 loans of £700,000 (2021: £200,000) are due from the group to entities under the control of the ultimate controlling party company are included within other creditors. This loan is unsecured and interest is charged at a rate of 5%. At the year end there was £36,986 (2021: £20,000) of interest accruing on these loans which is included within accruals.

There were also loans of £755,000 (2021: £275,000) received from directors' of the company included within other creditors. These loans are unsecured and interest is charged at 5% over base rate per annum. At the year end there was £24,055 (2021: £1,918) of interest accruing on these loans which is included within accruals.

There is a further loan of £150,000 (2021: £150,000) 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 £nil (2021: £7,500) of interest accruing on this loan which is included within accruals.

29 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.