Company Registration No. 02946819 (England and Wales)

DEANESTOR LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

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 2020

The directors present the strategic report for the year ended 31 December 2020.

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 year to 31st December 2020, due to the Covid-19 pandemic, we experienced a reduction in turnover from £18m in FY2019 to £12m in FY2020 and a resulting drop in operating profit from £770k in FY2019 to an operating loss of £778k in FY2020.

2020 will forever be associated with the Covid-19 pandemic and the profound impact it has had on communities across the world.

From many perspectives 2020 was the most difficult year in the history of Deanestor. Navigating the frequently changing and occasionally conflicting stream of regulations, restrictions, and guidance, whilst safeguarding all employees and maintaining operations required a great deal of agility.

As a direct result of the Covid-19 pandemic and the restrictions put in place by the government, construction activity slowed during 2020, a side effect of this was a reduction in the demand for the vast majority of construction supply chain products. Further implications of the Covid-19 pandemic included an increase in site restrictions implemented by main contractors and start date delays, pushing secured projects in to 2021.

Deanestor remained fully operational throughout 2020 to ensure that hospital projects could be accelerated where requested and we could fulfil a number of critical Nightingale Hospital contracts.

Due in part to this downturn in 2020, Deanestor has seen a significant back log of work being placed over the past 9 months which has resulted in a record pipeline of work currently standing at £22.6m up from July 2020 £8.03m. The directors believe that Deanestor is well placed to take full advantage of the strong markets it now operates in (Healthcare, Education, Student accommodation and BTR kitchens).

Future trading

Deanestor has a current quote book of £171m, which is a record level for the business. Since January 2021, and throughout the Covid-19 pandemic, we have seen month on month increases to our quotebook. As at August 2021, Deanestor has a record order book with a value of £22.6m. Deanestor has secured a record value of orders, worth £22.1m, during the first 8 months of 2021 up from a total order intake of £11.5m for 2020.

All four sectors Deanestor operate in continue to generate numerous opportunities and Deanestor expects significantly increased revenues in 2022 as a result of the growth of the order book/quote book and our reputation for high quality products and excellent service.

There appears to be significant government spending planned for schools and hospitals in the coming months and years and Deanestor's reputation within these sectors will stand the business in a prime position to benefit from this.

The Covid-19 pandemic has without doubt created challenges, however the business adapted quickly, and is now in a position where it is able to operate safely, with minimal disruptions to its day-to-day manufacturing activities.

The future trading prospects of the business are exceptional due to the current demand within the markets we operate in and we expect to see significant growth with increased turnover from 2021 onwards.

Deanestor's management accounts are currently showing the business to be operating profitably as at end of July 2021.

Business risk
The principal risks and uncertainties for the business are related to activity levels in the UK construction sector. Labour and materials are also a current increased risk within our markets but Deanestor has managed to retain a stable supply chain and labour pool over past months.

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.

Deanestor 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
Price risk, credit risk, liquidity risk and cashflow risk
The business's 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's 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 company 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.

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.

Future developments
Deanestor's aim is to 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.

The board believes that the group's strategy together with its market position and experienced management team will ensure a return to and subsequently increased pre pandemic levels in the coming periods.

On behalf of the board

W Tonkinson
Director
Date: 24th September 2021

DEANESTOR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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

W Tonkinson
Director

Date: 24th September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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 of the parent company's affairs as at 31 December 2020 and of the group's loss 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 December 2022.

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.

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 operates 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.

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 detect non-compliances which may have a material impact on the financial statements. These included inquiry of management and those charged with governance whether the company is in compliance with these laws and regulations, review of legal expenditure within the year, agreeing that the business held appropriate certification and accreditation during the period and review of the systems and controls which are in place to capture material non-compliance with significant laws and regulations.

The 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.

RSM UK Audit LLP

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
28/09/21

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	11,937,001	18,357,172
Cost of sales		(8,070,761)	(12,428,023)
Gross profit		3,866,240	5,929,149
Administrative expenses		(4,977,110)	(5,159,392)
Other operating income		332,993	-
Operating (loss)/profit	6	(777,877)	769,757
Interest receivable and similar income	8	131	978
Interest payable and similar expenses	9	(106,132)	(141,311)
(Loss)/profit before taxation		(883,878)	629,424
Tax on (loss)/profit	10	126,091	(86,858)
(Loss)/profit for the financial year		(757,787)	542,566

(Loss)/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.

Company Registration No. 02946819

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	11		472,004		400,967
Tangible assets	12		2,600,819		2,779,590
			3,072,823		3,180,557
Current assets					
Stocks	15	857,535		926,973	
Debtors	16	4,192,249		6,720,963	
Cash at bank and in hand		80,067		346,749	
		5,129,851		7,994,685	
Creditors: amounts falling due within one year	17	(4,313,167)		(6,930,465)	
Net current assets			816,684		1,064,220
Total assets less current liabilities			3,889,507		4,244,777
Creditors: amounts falling due after more than one year	18		(1,630,959)		(1,154,510)
Provisions for liabilities	21		(203,630)		(277,562)
Net assets			2,054,918		2,812,705
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			474,783		1,232,570
Total equity			2,054,918		2,812,705

The financial statements were approved by the board of directors and authorised for issue on 24th September 2021 and are signed on its behalf by:

W Tonkinson
Director

Company Registration No. 02946819

DEANESTOR LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		472,004		400,967
Tangible assets	12		2,594,655		2,774,319
Investments	13		101		101
			3,066,760		3,175,387
Current assets					
Stocks	15	857,535		926,973	
Debtors	16	4,293,553		7,065,644	
Cash at bank and in hand		76,995		344,831	
		5,228,083		8,337,448	
Creditors: amounts falling due within one year	17	(4,226,469)		(6,911,457)	
Net current assets			1,001,614		1,425,991
Total assets less current liabilities			4,068,374		4,601,378
Creditors: amounts falling due after more than one year	18		(1,630,959)		(1,154,510)
Provisions for liabilities	21		(203,630)		(277,562)
Net assets			2,233,785		3,169,306
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			653,650		1,589,171
Total equity			2,233,785		3,169,306

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 loss for the year was £935,521 (2019 - £381,598 profit).

The financial statements were approved by the board of directors and authorised for issue on 24th September 2021 and are signed on its behalf by:

W Tonkinson
Director

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2019	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
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(757,787)	(757,787)
Balance at 31 December 2020	943,960	564,820	71,355	474,783	2,054,918

DEANESTOR LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2019	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
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(935,521)	(935,521)
Balance at 31 December 2020	943,960	564,820	71,355	653,650	2,233,785

DEANESTOR LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		1,092,672		(758,035)
Interest received			131		978
Income taxes (paid)/refunded			(48,858)		3
Net cash inflow/(outflow) from operating activities			1,043,945		(757,054)
Investing activities					
Purchase of intangible assets		(30,872)		(29,586)	
Purchase of tangible fixed assets		(122,695)		(1,511)	
Proceeds on disposal of tangible fixed assets		89,224		55,917	
Net cash (used in)/generated from investing activities			(64,343)		24,820
Financing activities					
Proceeds from/(repayment of) invoice discounting arrangement		(1,521,208)		1,345,946	
Bank loans received - CBILS		650,000		-	
Repayment of bank loans		(35,795)		(130,079)	
Advances from directors and owners		-		150,000	
Repayment to directors and owners		(100,000)		(225,000)	
Payment of finance leases obligations		(135,617)		(269,696)	
Interest paid		(103,664)		(141,311)	
Net cash (used in)/generated from financing activities			(1,246,284)		729,860
Net decrease in cash and cash equivalents			(266,682)		(2,374)
Cash and cash equivalents at beginning of year			346,749		349,123
Cash and cash equivalents at end of year			80,067		346,749

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 2020. 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.

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 on e 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 meets 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

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

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.

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.

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.

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.

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.

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 and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	9,736,968	15,365,975
Installation	2,200,033	2,991,197
	11,937,001	18,357,172

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	11,937,001	18,357,172

	2020	2019
	£	£
Other revenue		
Grants received:		
Coronavirus job retentenion scheme	266,096	-
Coronavirus business interruption loan scheme	11,917	-

4 Employees

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

	Group 2020	2019	Company 2020	2019
	Number	Number	Number	Number
Production	82	82	77	78
Administrative	60	60	60	60
	142	142	137	138

Their aggregate remuneration comprised:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Wages and salaries	3,875,690	4,297,986	3,680,742	4,122,759
Social security costs	390,049	435,897	368,188	418,040
Pension costs	142,806	129,684	136,232	124,142
	4,408,545	4,863,567	4,185,162	4,664,941

5 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	258,597	301,043
Company pension contributions to defined contribution schemes	8,116	8,405
	266,713	309,448

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

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

	2020	2019
	£	£
Remuneration for qualifying services	89,012	77,296
Company pension contributions to defined contribution schemes	2,854	2,133

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 £28,286 (2019: £32,610).

6 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(278,013)	-
Depreciation of owned tangible fixed assets	139,080	143,785
Depreciation of tangible fixed assets held under finance leases	95,288	106,952
Profit on disposal of tangible fixed assets	(22,126)	(12,131)
Operating lease charges	190,311	91,829

Detail of government grants received is given in note 3.

7 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	21,350	17,500

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	131	978

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	51,699	60,734
Other interest on financial liabilities	32,254	50,492
	83,953	111,226
Other finance costs:		
Interest on finance leases and hire purchase contracts	22,179	30,085
Total finance costs	106,132	141,311

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	48,858
Adjustments in respect of prior periods	(52,159)	-
Total current tax	(52,159)	48,858
Deferred tax		
Origination and reversal of timing differences	(106,586)	38,000
Changes in tax rates	32,654	-
Total deferred tax	(73,932)	38,000
Total tax (credit)/charge for the year	(126,091)	86,858

10 Taxation (Continued)

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

	2020	2019
	£	£
(Loss)/profit before taxation	(883,878)	629,424
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(167,937)	119,591
Tax effect of expenses that are not deductible in determining taxable profit	141	273
Adjustments in respect of prior years	(52,159)	-
Effect of change in corporation tax rate	-	(7,477)
Depreciation on assets not qualifying for tax allowances	9,421	17
Losses carried back	52,159	-
Remeasurement of deferred tax for changes in tax rates	32,673	-
Unrecognised deferred tax	(389)	(25,546)
Taxation (credit)/charge for the year	(126,091)	86,858

Factors that may affect future tax charge
Following the March 2020 budget, legislation has been put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%. The deferred tax balances within these financial statements have been reassessed to reflect the rate remaining at 19%.

11 Intangible fixed assets

Group	Software
	£
Cost	
At 1 January 2020	400,967
Additions - separately acquired	71,037
At 31 December 2020	472,004
Carrying amount	
At 31 December 2020	472,004
At 31 December 2019	400,967

11 Intangible fixed assets (Continued)

Company	Software
	£
Cost	
At 1 January 2020	400,967
Additions - separately acquired	71,037
At 31 December 2020	472,004
Carrying amount	
At 31 December 2020	472,004
At 31 December 2019	400,967

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 £424,028 (2019: £165,082) of assets held under finance leases.

12 Tangible fixed assets

Group	Leasehold property	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	1,827,497	2,502,162	489,416	178,178	4,997,253
Additions	-	11,428	38,232	73,035	122,695
Disposals	-	-	-	(203,168)	(203,168)
At 31 December 2020	1,827,497	2,513,590	527,648	48,045	4,916,780
Depreciation and impairment					
At 1 January 2020	284,606	1,369,639	437,839	125,579	2,217,663
Depreciation charged in the year	49,585	135,434	25,704	23,645	234,368
Eliminated in respect of disposals	-	-	-	(136,070)	(136,070)
At 31 December 2020	334,191	1,505,073	463,543	13,154	2,315,961
Carrying amount					
At 31 December 2020	1,493,306	1,008,517	64,105	34,891	2,600,819
At 31 December 2019	1,542,891	1,132,523	51,577	52,599	2,779,590

12 Tangible fixed assets (Continued)

Company	Leasehold property	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	1,827,497	2,502,162	463,607	178,178	4,971,444
Additions	-	11,428	33,659	73,035	118,122
Disposals	-	-	-	(203,168)	(203,168)
At 31 December 2020	1,827,497	2,513,590	497,266	48,045	4,886,398
Depreciation and impairment					
At 1 January 2020	284,606	1,369,639	417,301	125,579	2,197,125
Depreciation charged in the year	49,585	135,434	22,024	23,645	230,688
Eliminated in respect of disposals	-	-	-	(136,070)	(136,070)
At 31 December 2020	334,191	1,505,073	439,325	13,154	2,291,743
Carrying amount					
At 31 December 2020	1,493,306	1,008,517	57,941	34,891	2,594,655
At 31 December 2019	1,542,891	1,132,523	46,306	52,599	2,774,319

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

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Plant and machinery	632,055	718,445	632,055	718,445
Office equipment	16,816	217,082	16,816	217,082
Motor vehicles	9,123	45,567	9,123	45,567
	657,994	981,094	657,994	981,094
Depreciation charge for the year in respect of leased assets	95,288	106,952	95,288	106,952

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.

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 2020	2019	Company 2020	2019
	£	£	£	£
Cost	1,483,023	1,483,023	1,483,023	1,483,023
Accumulated depreciation	(702,443)	(637,938)	(702,443)	(637,938)
Carrying value	780,580	845,085	780,580	845,085

Leasehold property with a carrying amount of £1,493,306 (2019: £1,542,891) 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 2020	2019	Company 2020	2019
		£	£	£	£
Investments in subsidiaries	14	-	-	101	101

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2020 and 31 December 2020	101
Carrying amount	
At 31 December 2020	101
At 31 December 2019	101

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Deanestor Scotland Limited	Suite G1, Buchan House, Carnegie Campus, Enterprise Way, Dunfermline, KY11 8GR	Manufacture, distribution and installation of specialist furniture	Ordinary	100	
Cygnet 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 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	819,222	888,660	819,222	888,660
Work in progress	38,313	38,313	38,313	38,313
	857,535	926,973	857,535	926,973

16 Debtors

	Group 2020	2019	Company 2020	2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,948,829	5,521,387	2,918,735	5,478,031
Corporation tax recoverable	52,159	-	52,159	-
Amounts owed by group undertakings	132,085	165,160	289,761	597,260
Other debtors	97,127	62,978	75,611	23,050
Prepayments and accrued income	345,055	425,944	340,293	421,809
	3,575,255	6,175,469	3,676,559	6,520,150
Amounts falling due after more than one year:				
Amounts owed by group undertakings	616,994	545,494	616,994	545,494
Total debtors	4,192,249	6,720,963	4,293,553	7,065,644

17 Creditors: amounts falling due within one year

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans	19	178,953	133,552	178,953	133,552
Obligations under finance leases	20	261,239	261,868	261,239	261,868
Trade creditors		1,347,186	2,746,938	1,346,557	2,744,302
Amounts owed to group undertakings		-	105,070	-	105,070
Corporation tax payable		-	48,858	-	46,337
Other taxation and social security		765,589	143,672	681,697	132,855
Other creditors		1,506,853	3,144,183	1,505,168	3,141,660
Accruals and deferred income		253,347	346,324	252,855	345,813
		4,313,167	6,930,465	4,226,469	6,911,457

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 £1,304,614 (2019: £2,825,822) (company of £1,304,614 (2019: £2,825,822)). 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%.

18 Creditors: amounts falling due after more than one year

		Group		Company	
		2020	2019	2020	2019
	Notes	£	£	£	£
Bank loans	19	849,658	278,386	849,658	278,386
Obligations under finance leases	20	381,201	476,024	381,201	476,024
Other borrowings	19	100	100	100	100
Other creditors		400,000	400,000	400,000	400,000
		1,630,959	1,154,510	1,630,959	1,154,510

19 Borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,028,611	411,938	1,028,611	411,938
Preference shares	100	100	100	100
	1,028,711	412,038	1,028,711	412,038
Payable within one year	178,953	133,552	178,953	133,552
Payable after one year	849,758	278,486	849,758	278,486

Group and company
Included within bank loans are loans totalling £378,611 (2019: £411,938). These loans are repayable by monthly instalments over 14 years commencing March 2008, with interest being charged at 1.8% above base rate, with interest of £39,782 (2019: £60,734) being paid during the year. During the year, the company received a 12 month capital repayment holiday on these loans, commencing on 6 April 2020. The loans are secured by a fixed charge over the assets of the group

During the year 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 £11,917 (2019: £nil) being paid during the year. Capital repayments are not due until 12 months from the drawdown date of 30 April 2020. 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.

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 2020	2019	Company 2020	2019
	£	£	£	£
Future minimum lease payments due under finance leases:				
Less than one year	261,239	261,868	261,239	261,868
Between one and five years	381,201	476,024	381,201	476,024
	642,440	737,892	642,440	737,892

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.

21 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
Group and company	£	£
Accelerated capital allowances	195,348	160,694
Tax losses	(124,983)	-
Revaluations	135,745	121,456
Other timing differences	(2,480)	(4,588)
	203,630	277,562

	Group 2020	Company 2020
Movements in the year:	£	£
Liability at 1 January 2020	277,562	277,562
Credit to profit or loss	(106,586)	(106,586)
Effect of change in tax rate - profit or loss	32,654	32,654
Liability at 31 December 2020	203,630	203,630

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.

22 Retirement benefit schemes

	2020	2019
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	142,806	129,684

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 £28,664 (2019: £52,057) which are included within other creditors in these financial statements.

23 *Share capital*

	Group and Company			
	2020	**2019**	**2020**	**2019**
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.

Retained earnings
Cumulative profit and loss net of distributions to owners.

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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	394,403	412,870	394,403	412,870
Between one and five years	936,089	613,830	936,089	613,830
In over five years	-	62,500	-	62,500
	1,330,492	1,089,200	1,330,492	1,089,200

26 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(757,787)	542,566
Adjustments for:		
Taxation (credited)/charged	(126,091)	86,858
Finance costs	106,132	141,311
Investment income	(131)	(978)
Profit on disposal of tangible fixed assets	(22,126)	(12,131)
Depreciation and impairment of tangible fixed assets	234,368	250,737
Movements in working capital:		
Decrease in stocks	69,438	114,743
Decrease/(increase) in debtors	2,580,873	(2,846,830)
(Decrease)/increase in creditors	(992,004)	965,689
Cash generated from/(absorbed by) operations	1,092,672	(758,035)

27 Analysis of changes in net debt - group

	1 January 2020	Cash flows	New finance leases	Other non-cash changes	31 December 2020
	£	£	£	£	£
Cash at bank and in hand	346,749	(266,682)	-	-	80,067
Invoice discounting facility	(2,825,822)	1,521,208			(1,304,614)
Borrowings excluding overdrafts	(1,062,038)	(514,205)	-	(2,468)	(1,578,711)
Obligations under finance leases	(737,892)	135,617	(40,165)	-	(642,440)
	(4,279,003)	875,938	(40,165)	(2,468)	(3,445,698)

28 Financial commitments, guarantees and contingent liabilities

At 31 December 2020, the company has given guarantees amounting to £212,066 (2019: £702,447) in respect of contract related performance bonds arising in the normal course of business of the company.

29 Related party transactions

Remuneration of key management personnel
The key management personnel of the group, who are also directors, are responsible for planning the activities of the group, see note 5 for details of their remuneration.

Group and company
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 £347,874 (2019: £355,443). As at 31 December 2020 £18,000 (2019: £160,800) remained outstanding within accruals which is due for payment under normal business terms.

During the year, the group made sales of £68,843 (2019: £542,092) and had purchases of £265,991 (2019: £211,032) with entities under common control. At the year end amounts owed to these entities was £6,603 (2019: £107,088) and amounts due from these entities amounted to £749,876 (2019: £773,631). 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 £22,992 (2019: £23,958).

There was a loan of £nil (2019: £100,000) 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 £696 (2019: £10,603) of interest accruing on this loan which is included within accruals.

There is a further loan of £150,000 (2019: £150,000) from a 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 (2019: £1,917) of interest accruing on this loan which is included within accruals.

30 Controlling party

The directors consider the immediate and ultmate 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.