

Registration number: 04331572

Abacus Direct Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2017

Murray Harcourt Limited
Elizabeth House
13-19 Queen Street
Leeds
West Yorkshire
LS1 2TW

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Abacus Direct Limited

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Abacus Direct Limited

Company Information

Directors	I D Pattison S P Bradbury
Registered office	Abacus House Jubilee Court Copgrove Harrogate North Yorkshire HG3 3TB
Auditors	Murray Harcourt Limited Elizabeth House 13-19 Queen Street Leeds West Yorkshire LS1 2TW

Abacus Direct Limited

Strategic Report for the Year Ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the Company is Distributor and manufacturer of bathrooms.

Fair review of the business

Trading conditions improved during the period, with growth continuing to come from key customers and diversification.

The construction and own label markets continued to show signs of improvement in 2017. The business continues to invest in technology to improve manufacturing processes and increase efficiency with a view to grow revenue as well as profit in the coming year. The Company's strategic alliance with a number of its key customers continues to positively impact the company's results.


The Company's key financial performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£	11,271,506	12,207,471
Operating profit	£	592,249	1,098,947

Principal risks and uncertainties

The principal risks identified are credit risk, foreign exchange risk and liquidity risk. Further details regarding these risks and the measures taken to mitigate their impact is provided in the Directors' Report.

Approved by the Board on 5/6/18 and signed on its behalf by:



I D Pattison
Director

Abacus Direct Limited

Directors' Report for the Year Ended 31 December 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the Company

The Directors who held office during the year were as follows:

I D Pattison

S P Bradbury

Dividends

Details of dividends paid in the year are disclosed in note 23. The Directors do not recommend the payment of a final dividend.

Financial instruments

Objectives and policies

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

Credit risk, foreign exchange risk and liquidity risk

Credit risk arises from customers failing to meet their obligation under contracts of sale to pay. In order to minimise this risk, deferred terms are only granted to those customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk arises from the difficulties the Company may face in meeting obligations under financial liabilities as they fall due. The Company mitigates liquidity risk by using long, medium and short term forecasts, applying cash collection targets and utilisation of full trading terms with its suppliers.

Foreign currency risk arises because the Company purchases products from overseas. The Company mitigates this risk through the use of import loans.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

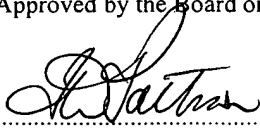
Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

Abacus Direct Limited

Directors' Report for the Year Ended 31 December 2017

Approved by the Board on 5/6/18 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'I D Pattison', written over a dotted line.

I D Pattison
Director

Abacus Direct Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

Opinion

We have audited the financial statements of Abacus Direct Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, Balance Sheet, 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 Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

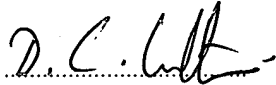
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

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.



David Caseldine FCA (Senior Statutory Auditor)
For and on behalf of Murray Harcourt Limited, Statutory Auditor

Elizabeth House
13-19 Queen Street
Leeds
West Yorkshire
LS1 2TW

Date: 28/6/18

Abacus Direct Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	11,271,506	12,207,471
Cost of sales		<u>(7,142,088)</u>	<u>(7,560,678)</u>
Gross profit		4,129,418	4,646,793
Administrative expenses		(3,548,898)	(3,559,575)
Other operating income	4	<u>11,729</u>	<u>11,729</u>
Operating profit	5	592,249	1,098,947
Interest payable and similar charges	7	<u>(36,446)</u>	<u>(51,278)</u>
Profit before tax		555,803	1,047,669
Taxation	11	<u>(152,399)</u>	<u>(204,795)</u>
Total comprehensive income for the financial year		403,404	842,874
Retained earnings brought forward		3,673,696	3,090,822
Dividends paid		<u>(260,000)</u>	<u>(260,000)</u>
Retained earnings carried forward		<u><u>3,817,100</u></u>	<u><u>3,673,696</u></u>

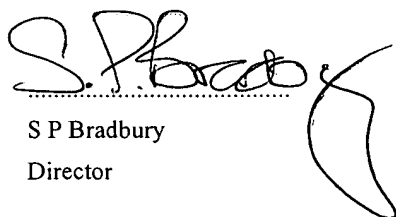
The notes on pages 11 to 24 form an integral part of these financial statements.

Abacus Direct Limited

(Registration number: 04331572)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,726,463	1,727,275
Current assets			
Stocks	14	2,973,617	2,428,671
Debtors	15	2,115,003	2,284,703
Cash at bank and in hand		<u>467,726</u>	<u>634,262</u>
		5,556,346	5,347,636
Creditors: Amounts falling due within one year	16	<u>(3,406,053)</u>	<u>(3,359,255)</u>
Net current assets		<u>2,150,293</u>	<u>1,988,381</u>
Total assets less current liabilities		3,876,756	3,715,656
Provisions for liabilities	17	<u>(50,266)</u>	<u>(32,570)</u>
Net assets		<u>3,826,490</u>	<u>3,683,086</u>
Capital and reserves			
Called up share capital	19	1,040	1,040
Share premium reserve	20	8,316	8,316
Capital redemption reserve	20	34	34
Profit and loss account	20	<u>3,817,100</u>	<u>3,673,696</u>
Total equity		<u>3,826,490</u>	<u>3,683,086</u>

Approved and authorised by the Board on 5/6/18 and signed on its behalf by:


S P Bradbury
Director

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The Company is a private company limited by share capital incorporated in England & Wales. Company information details are shown on page 1.

The registered office and principal place of business is:

Abacus House
Jubilee Court
Copgrove
Harrogate
North Yorkshire
HG3 3TB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in 'Pounds Sterling' (£), which is the functional currency of the Company, and rounded to the nearest £.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows;
- financial instruments disclosures, including categories of financial instruments; and
- the disclosure of key management personnel remuneration in total.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under "Key sources of estimation uncertainty" below.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Depreciation of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying value and accumulated depreciation of tangible fixed assets is set out in note 13 to the financial statements.

Recoverability of trade and other debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience. The carrying amount of trade and other debtors and the associated provision is given in note 15.

Impairment of stocks

The Company sells products in a market that is subject to changing fashions and technological developments together with changes in consumer spending levels. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When considering the impairment of stocks, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. The carrying value of stocks and the associated provision is set out in note 14.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Government grants

Grants relating to capital projects are recorded in deferred income and released to profit or loss over the expected useful life of the assets. Grants towards revenue expenditure are recognised in the profit and loss account when the Company has entitlement to the income and the amount receivable can be measured reliably.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	5 to 10 years straight-line or life of lease whichever shorter
Plant and machinery	2 to 5 years straight-line

Goodwill

Goodwill arising on acquisitions of an entity represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Operating lease rentals are recognised in the profit and loss on a straight line basis.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are paid.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. Equity instruments are those that entitle the holder to a residual interest in the Company's assets after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary and preference shares, which are measured at fair value provided that this can be measured reliably. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

3 Revenue

All of the company's turnover for the year relates to its principal activity from continuing operations to UK customers.

	2017 £	2016 £
Sale of goods	<u>11,271,506</u>	<u>12,207,471</u>

4 Other operating income

The company's other operating income for the year is as follows:

	2017 £	2016 £
Government grants	<u>11,729</u>	<u>11,729</u>

5 Operating profit

Arrived at after charging:

	2017 £	2016 £
Depreciation expense	315,173	294,398
Foreign exchange losses	4,442	147,591
Research and development cost	5,660	11,037
Operating lease expense - property	300,000	138,077
Operating lease expense - plant and machinery	48,126	60,058
(Profit)/loss on disposal of fixed assets	<u>(1,250)</u>	<u>1,571</u>

6 Government grants

The grant income in the period relates to the amortisation of a capital grant in line with the useful economic life of the assets funded. The amount of grants recognised in the financial statements was £11,729 (2016 - £11,729).

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

7 Interest payable and similar charges

	2017 £	2016 £
Interest on bank overdrafts and borrowings	36,029	42,032
Interest expense on other finance liabilities	417	9,246
	<u>36,446</u>	<u>51,278</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	1,418,528	1,431,010
Social security costs	145,268	138,876
Pension costs, defined contribution scheme	9,247	9,276
	<u>1,573,043</u>	<u>1,579,162</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Production	3	15
Administration and support	15	14
Sales	11	12
Distribution	13	12
Other departments	6	4
	<u>48</u>	<u>57</u>

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	<u>9,206</u>	<u>13,975</u>

10 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>15,000</u>	<u>11,300</u>

11 Taxation

Tax charged/(credited) in the income statement:

	2017 £	2016 £
Current taxation		
UK corporation tax	126,584	211,992
UK corporation tax adjustment to prior periods	<u>8,119</u>	<u>548</u>
	<u>134,703</u>	<u>212,540</u>
Deferred taxation		
Arising from origination and reversal of timing differences	14,281	(7,027)
Adjustment in respect of prior periods	3,415	-
Arising from changes in tax rates and laws	<u>-</u>	<u>(718)</u>
Total deferred taxation	<u>17,696</u>	<u>(7,745)</u>
Tax expense in the income statement	<u>152,399</u>	<u>204,795</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Taxation (continued)

	2017 £	2016 £
Profit before tax	<u>555,803</u>	<u>1,047,669</u>
Corporation tax at standard rate	106,992	209,534
Effect of expense not deductible in determining taxable profit	1,256	1,293
Deferred tax rate difference	-	(718)
Current tax rate difference	(22)	-
Increase in tax from adjustment for prior periods	11,534	548
Tax increase from effect of capital allowances and depreciation	32,639	20,138
Tax decrease from effect of adjustment in research and development tax credit	<u>-</u>	<u>(26,000)</u>
Total tax charge	<u>152,399</u>	<u>204,795</u>

The standard full rate of UK corporation tax applicable for the year ended 31 December 2017 was 19.25%. This is lower than the standard full rate of 20% applicable for the year ended 31 December 2016.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2017	
Difference between accumulated depreciation and amortisation and capital allowances	<u>50,266</u>
	Liability £
2016	
Difference between accumulated depreciation and amortisation and capital allowances	<u>32,570</u>

Legislation has been substantively enacted to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Deferred tax is provided at the rate expected to be in place at the point at which the timing differences reverse.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Intangible assets

	Goodwill £	Total £
Cost		
At 1 January 2017	120,000	120,000
At 31 December 2017	120,000	120,000
Amortisation		
At 1 January 2017	120,000	120,000
At 31 December 2017	120,000	120,000
Carrying amount		
At 31 December 2017	-	-

13 Tangible assets

	Land and buildings £	Other property, plant and equipment £	Total £
Cost			
At 1 January 2017	2,337,792	551,270	2,889,062
Additions	135,005	179,357	314,362
Disposals	-	(658)	(658)
At 31 December 2017	2,472,797	729,969	3,202,766
Depreciation			
At 1 January 2017	795,964	365,822	1,161,786
Charge for the year	220,533	94,641	315,174
Eliminated on disposal	-	(657)	(657)
At 31 December 2017	1,016,497	459,806	1,476,303
Carrying amount			
At 31 December 2017	1,456,300	270,163	1,726,463
At 31 December 2016	1,541,827	185,448	1,727,275

Included within the net book value of land and buildings above is £Nil (2016 - £Nil) in respect of freehold land and buildings and £1,456,300 (2016 - £1,541,827) in respect of short leasehold land and buildings.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

14 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>2,973,617</u>	<u>2,428,671</u>

The cost of stocks recognised as an expense in the year amounted to £5,966,111 (2016 - £6,031,426).

Closing stock is stated after provisions for impairment of £113,804 (2016 - £284,318).

Impairment of stocks

The amount of impairment credit included in profit or loss is £(170,514) (2016 - £(225,291)). The impairment credit is included in cost of sales.

15 Debtors

	2017 £	2016 £
Trade debtors	1,928,293	2,171,574
Amounts owed by related parties	38,378	-
Other debtors	10,406	17,807
Prepayments	<u>137,926</u>	<u>95,322</u>
Total current trade and other debtors	<u>2,115,003</u>	<u>2,284,703</u>

16 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	21	1,458,181	1,476,574
Trade creditors		632,699	510,226
Amounts due to group undertakings		907,489	927,729
Social security and other taxes		235,325	183,742
Other creditors		564	976
Accrued expenses		31,375	22,451
Income tax liability	11	46,584	131,992
Deferred income		<u>93,836</u>	<u>105,565</u>
		<u>3,406,053</u>	<u>3,359,255</u>

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

17 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2017	32,570	32,570
Arising from origination and reversal of timing differences	<u>17,696</u>	<u>17,696</u>
At 31 December 2017	<u><u>50,266</u></u>	<u><u>50,266</u></u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £9,247 (2016 - £9,276).

19 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary A of £1 each	1,000	1,000	1,000	1,000
Ordinary B of £1 each	23	23	23	23
Ordinary C of £1 each	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
	<u><u>1,040</u></u>	<u><u>1,040</u></u>	<u><u>1,040</u></u>	<u><u>1,040</u></u>

20 Reserves

Share capital represents the number of shares issued at nominal price.

The share premium reserve represents the excess of consideration received over the nominal value of shares issued.

The capital redemption reserve represents the nominal value of shares bought back by the company.

The profit and loss account represents accumulated comprehensive income for the year and prior periods, after deduction of dividends paid.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

21 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Other borrowings	<u>1,458,181</u>	<u>1,476,574</u>

Bank borrowings

Included within bank loans and borrowings are the following items:

Invoice discounting facility

The invoice discounting facility is denominated in sterling with a nominal interest rate of 2.5%. The carrying amount at the year end is £1,458,181 (2016 - £1,476,574).

Security of borrowings

The invoice discounting facility is secured by a charge over the debts to which the facility relates. The Company's bankers also have fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

22 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	342,524	358,219
Later than one year and not later than five years	1,233,184	1,249,108
Later than five years	<u>2,565,205</u>	<u>2,865,205</u>
	<u>4,140,913</u>	<u>4,472,532</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £348,126 (2016 - £198,135).

23 Dividends

Interim dividends paid

	2017 £	2016 £
Interim dividend	<u>260,000</u>	<u>260,000</u>

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

24 Contingent liabilities

The Company has provided a cross guarantee to secure borrowings of the group headed by Abacus Direct Manufacturing Group Limited. As at 31 December 2017, the net borrowings secured by the cross guarantee amounted to £3,220,499 (2016 - £2,600,275).

25 Related party transactions

The Company has taken the exemption set out in FRS 102 from disclosing transactions with other members of the group.

Transactions with directors

Bradbury & Pattison Partnership

The directors of the Company are the partners of the Bradbury & Pattison Partnership. During the year the Company incurred costs in relation to rent of £1,620 (2016 - £12,833). The Company also made recharges of £1,620 (2016 - £Nil) to the Bradbury & Pattison Partnership. Included in trade debtors are amounts due from Bradbury & Pattison Partnership of £120 (2016 - £Nil).

Summary of transactions with other related parties

BDL Marketing Limited

BDL Marketing Limited is a company under common control. During the year the company purchased services of £Nil (2016 - £29,682). Included within trade creditors are amounts due to BDL Marketing of £Nil (2016 - £2,515).

26 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Abacus Direct Manufacturing Group Limited, incorporated in the United Kingdom, with a registered office at Abacus House, Jubilee Court, Copgrove, Harrogate, North Yorkshire, HG3 3TB.

The ultimate controlling parties are Mr I D Pattison and Mr S P Bradbury.