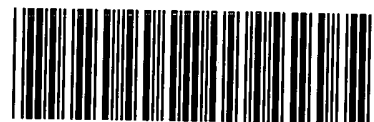


D R E GROUP LIMITED

31 JANUARY 2016

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COMPANIES HOUSE

D R E GROUP LIMITED

DIRECTORS' REPORT

Registered Office:

High Cross
Lancaster Road
Hinckley
Leicestershire
LE10 0AW

Company No

5332710

The directors present their annual report, together with the audited consolidated financial statements, for the year ended 31 January 2016.

1 Principal Activity

During the year ended 31 January 2016, the company acted as a holding company and did not trade in its own name. The principal activities of the company's subsidiaries include manufacturing, engineering and property development. The company's subsidiaries are all based in the United Kingdom except for Fabrex Hong Kong which is registered in Hong Kong.

2 Strategic Report

The group's Strategic Report is set out on page 4 of these financial statements.

3 Fixed Assets

Full details of the disclosures in respect of fixed assets are given in the notes to the attached financial statements. The group continues to invest in the development of its products to ensure their continued success in competitive markets.

4 Research and Development

The group continues an active research and development programme, with particular focus on its manufacturing division where new products are in continuing development. Expenditure in the financial year exceeded £60,000.

5 Dividends

No interim dividends were paid during the year. The directors recommended that no final dividend be declared.

6 Future Developments

The group secured long-term finance facilities during the year and will continue to look for opportunities to strengthen and develop the business.

D R E GROUP LIMITED

DIRECTORS' REPORT

(Continued)

7 The Directors

The directors who held office during the year were Mr D R England, Mrs S Paice and Mr S England.

A statement of directors' responsibilities is set out on page 3 of these consolidated financial statements.

8 Statement of Disclosure of Information to Auditors

We, the directors who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

9 Auditors

The auditors, Messrs PWH Accountancy Limited will be proposed for re-appointment in accordance with 415A of Companies Act 2006.

By Order of the Board


S M England

14th October 2016

Secretary

D R E GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible 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 and to be satisfied that the financial statements give a true and fair view. 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). The financial statements are required by law to 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 then apply them consistently;
- make judgements and 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;
- 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 disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

D R E GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2016

1 Review of Business

The group's results for the year are set out in the consolidated Profit and Loss Account. During the year the group disposed of various property assets to consolidate its exposure to bank and other borrowings. The group has secured long-term financing after the year end, and looks forward to continued successful trading in the years to come.

2 Principal Risks and Uncertainties

The company has reviewed its principal risks and uncertainties, which include financial, commercial, operational, social and environmental risks. The company believes it has put adequate procedures in place to minimise the impact of these risks on the business.

The group has secured financing facilities after the year end. The directors are confident that appropriate facilities are now in place to enable it to move forward in a structured and profitable manner.


3 Development and Performance

The group has had a satisfactory trading year. The directors are confident that the group is now in a solid position to move forward, having overcome a number of significant challenges.

4 Key Performance Indicators

KPI	Definition
Turnover	Group turnover on continuing activities has increased by 7% on prior year. The directors are taking active steps to continue to increase turnover across its various divisions.
Gross margin	Maintenance of gross margin. Gross margin increased to approximately of 46% (2015 45%).

By Order of the Board


S M England

Secretary

14th October 2016

AUDITORS' REPORT TO THE SHAREHOLDERS OF

D R E GROUP LIMITED

We have audited the financial statements of D R E Group Limited for the year ended 31 January 2016 which comprise the Company's Balance Sheet and the Group's consolidated Profit and Loss Account, Balance Sheet, Cash flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 auditors' 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.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud and other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
D R E GROUP LIMITED**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 January 2016 and of the groups profit for the year then ended ;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matter on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Roger Alan Platt

(Senior Statutory Auditor)

for and on behalf of PWH Accountancy Limited, Statutory Auditor

14th October 2016

D R E GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2016

		2016		2015	
	Note	£	£	£	£
Turnover –					
continuing activities	2	2,264,702		2,113,203	
discontinued activities		-		-	
		<hr/>	2,264,702	<hr/>	2,113,203
Cost of Sales			1,219,398		1,166,023
			<hr/>		<hr/>
Gross Profit			1,045,374		947,180
 Distribution costs		157,856		154,567	
Administrative expenses		435,123		365,667	
Other operating charges		154,073		107,958	
Exceptional items		(30,000)		(29,615)	
Other income/expenses		(527)		(9,759)	
		<hr/>	716,525	<hr/>	588,818
 Operating Profit -	3				
continuing activities		328,849		358,362	
discontinued activities		-		-	
		<hr/>	328,849	<hr/>	358,362
			=====		=====

The consolidated Profit and Loss Account is continued on page 8.

D R E GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Continued)

YEAR ENDED 31 JANUARY 2016

		2016	2015
	Note	£	£
Operating Profit	3	328,849	358,362
Profit on disposal of investments		-	-
Interest payable	5	(102,736)	(22,241)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		226,113	336,121
Taxation on profit on ordinary activities	6	28,081	55,787
		<hr/>	<hr/>
Retained Profit for the Financial Year	16	198,032	280,334
		=====	=====

Of the profit for the financial year of £198,032 (2015 £280,334) a profit of £8,925 (2015 £1,039) relates to the parent company.

D R E GROUP LIMITED

CONSOLIDATED BALANCE SHEET - 31 JANUARY 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible assets	7	6,584,500	4,121,704
Intangible assets	8	175,000	175,000
		<u>6,759,500</u>	<u>4,296,704</u>
Current Assets			
Stocks	10	588,498	542,141
Trade debtors		293,264	222,089
Prepayments		67,076	124,408
Other debtors		939,640	610,177
Cash at bank and in hand		332,514	286,195
		<u>2,220,992</u>	<u>1,785,010</u>
Creditors: amounts falling due within one year	11	<u>820,281</u>	<u>777,296</u>
Net Current Assets		1,400,709	1,007,714
		<u>8,160,209</u>	<u>5,304,418</u>
Creditors: amounts falling due after more than one year	12	2,768,414	94,009
Provision for Liabilities			
Deferred taxation	14	8,339	24,985
		<u>5,383,456</u>	<u>5,185,424</u>
Capital and Reserves			
Called up share capital	15	11,000	11,000
Share premium account	16	2,474,977	2,474,977
Profit and loss account	16	2,146,066	1,948,034
Revaluation reserve	16	751,413	751,413
Shareholders' Funds – equity interests	17	<u>5,383,456</u>	<u>5,185,424</u>

Approved by the Board on 14th October 2016

Mr D R England,

Directors

Mrs S Paice

D R E GROUP LIMITED**BALANCE SHEET - 31 JANUARY 2016**

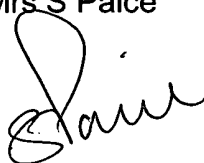
	Note	2016 £	2015 £
Fixed Assets			
Investments in subsidiaries	9	17,610	2,017,609
Current Assets			
Amounts due from group companies		2,180,550	1,129,510
Cash at bank and in hand		12,303	1,278
		<u>2,198,853</u>	<u>1,130,788</u>
Creditors: amounts falling due within one year	11	<u>2,087,609</u>	<u>1,034,466</u>
Net Current Assets		<u>107,244</u>	<u>96,322</u>
		<u>122,854</u>	<u>2,113,931</u>
Capital and Reserves			
Called up share capital	15	11,000	11,000
Share premium account	16	1,214,720	1,214,720
Profit and loss account	16	(1,102,866)	888,211
Shareholders' Funds - equity interests	17	<u>122,854</u>	<u>2,113,931</u>

Approved by the Board on 14th October 2016

Mr D R England,

 Directors

Mrs S Paice



D R E GROUP LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 JANUARY 2016

	2016		2015	
	The Group	The Company	The Group	The Company
	£	£	£	£
Profit/(Loss) for the financial year	198,032	(1,991,077)	280,334	1,039
Unrealised surplus on revaluation of properties	-	-	330,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total gains and losses recognised relating to the year	198,032 =====	(1,991,077) =====	610,334 =====	1,039 =====

D R E GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 JANUARY 2016

		2016	2015
	Note	£	£
Net Cashflow from Operating Activities	22	(162,491)	355,885
Returns on investments and servicing of finance	23	(102,736)	(22,241)
Taxation	23	(51,764)	(35,588)
Capital expenditure	23	(2,565,000)	482,338
Financing	23	2,927,497	(158,808)
(Decrease)/Increase in Cash	24	<div style="border-top: 1px solid black;">45,506</div> <div style="border-top: 1px solid black; border-bottom: 3px double black;">=====</div>	<div style="border-top: 1px solid black;">621,586</div> <div style="border-top: 1px solid black; border-bottom: 3px double black;">=====</div>

A reconciliation of net cash flow to the movement in net debt for the year is shown at note 24.

D R E GROUP LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2016

1 Accounting Policies

a Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention, including the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities [effective January 2015]. The company has taken advantage of the exemption conferred by of the Companies Act 2006 not to publish its own profit and loss account.

b Basis of Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries, details of which are set out in note 9 to the accounts. The company acted as a holding company for the group and did not trade in its own right. During the year ended 31 January 2015 the group lost effective control of the assets of one its subsidiary companies, as a result of which the subsidiary in question, Croskeep Limited, has been excluded from the consolidation under the provisions of Financial Reporting Standard 2-Accounting for Subsidiary Undertakings and section 409 of the Companies Act 2006. The comparative figures have been stated accordingly.

c Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

d Fixed Assets

Depreciation is calculated on the cost of tangible fixed assets over a year of four to ten years, according to the type of asset and its expected useful life. No depreciation has been provided on freehold buildings. Investment properties are revalued annually and the aggregate surplus or deficit transferred to revaluation reserve. Depreciation is not provided in respect of freehold investment properties in accordance with Statement of Standard Accounting Practice No 19. This is not in accordance with the provisions of the Companies Act 2006 but is necessary, in the opinion of the directors, to provide a true and fair view. Had depreciation have been charged on freehold property, a charge of approximately £100,000 would have been necessary.

e Intangible Fixed Assets

Intangible fixed assets are included in the Balance Sheet at cost less accumulated amortisation. Such assets are being amortised on a straight line basis over their useful economic lives.

DRE GROUP LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

1 Accounting Policies (continued)

f Accounting for Leases

Assets financed by leasing agreements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the original cost of the asset to the lessors and depreciation provided on the basis of group depreciation policy. The capital element of future obligations under finance leases is included as liabilities in the balance sheet and the current year's interest element is charged to the profit and loss account so as to represent a constant proportion of the balance of capital repayments outstanding. The annual payments under all other lease arrangements, known as operating leases, are charged to profit and loss account on an accruals basis.

g Stocks

Stock and work in progress has been valued at the lower of cost and net realisable value. Cost consists of materials, direct labour and attributable overheads.

h Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences.

i Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

j Interest on Developments

On new developments, bank interest is capitalised up to the date the whole development is available for letting, after which date the interest is charged to profit and loss account.

k Rental Income

Rental income is accounted for on a receivable basis and therefore no adjustments are made for amounts received in advance.

D R E GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

1 Accounting Policies (continued)

I Overseas Subsidiaries

The company's overseas subsidiaries have been accounted for in accordance with Statement of Standard Accounting Practice No 20, using the temporal method. Exchange rate differences have been written off to the profit and loss account.

m Goodwill

Goodwill capitalised and amortised over its estimated useful economic life.

n Pensions

Contributions under the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they are incurred.

o Research and Development

Expenditure on research and development is written off against profits in the year in which it is incurred.

2 Turnover

An analysis of turnover is given below:-

	2016	2015
		£ £
United Kingdom	1,591,248	1,491,713
North America	8,072	14,520
Europe	469,148	584,120
Asia, Far East and Australasia	196,234	22,850
	<u>2,264,702</u>	<u>2,113,203</u>
	=====	=====

An analysis of turnover by class of business is shown below:-

	£	£
Manufacturing	1,497,297	1,395,313
Property development and rental	767,405	717,890
	<u>2,264,702</u>	<u>2,113,203</u>
	=====	=====

D R E GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

3 Operating Profit	2016	2015
is stated after charging:-	£	£
Depreciation of tangible fixed assets	47,022	57,786
Directors' remuneration including benefits in kind	46,500	85,769
Directors' pension contributions	14,317	12,000
Auditors' remuneration	22,980	16,160
Staff costs	550,478	525,220
Staff pensions	1,800	1,800
	<hr/>	<hr/>

The operating results are analysed as follows:

	2016			2015		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover	2,264,702	-	2,264,702	2,113,203	-	2,113,203
Cost of sales	(1,219,328)	-	(1,219,328)	(1,166,023)	-	(1,166,023)
	<hr/> 1,045,374	<hr/> -	<hr/> 1,045,374	<hr/> 947,180	<hr/> -	<hr/> 947,180
Operating expenses						
Distribution costs	(157,856)	-	(157,856)	(154,567)	-	(154,567)
Administrative expenses	(435,423)	-	(435,423)	(365,667)	-	(365,667)
Other operating charges	(154,073)	-	(154,073)	(107,958)	-	(107,958)
Exceptional income/ expenses	30,000	-	30,000	29,615	-	29,615)
Other operating income/(charges)	527	-	527	29,615	-	29,615
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	<hr/> 328,849	<hr/> -	<hr/> 328,849	<hr/> 358,362	<hr/> -	<hr/> 358,362

D R E GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

4 Employees	2016 Number	2015 Number
The average monthly numbers of employees (including directors) during the year were:-		
Management	7	8
Production and retail	34	34
	<u>41</u>	<u>42</u>
	=====	=====
Employment Costs	£	£
Wages and salaries	496,558	460,579
Social security costs	53,920	50,041
Other pension costs	16,117	14,600
	<u>566,595</u>	<u>525,220</u>
	=====	=====
	2016	2015
5 Interest payable	£	£
Interest payable on:-		
bank loans and overdrafts	102,736	21,721
hire purchase obligations	-	604
	<u>102,736</u>	<u>22,325</u>
	=====	=====

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016**

6	Taxation	2016 £	2015 £
i)	Corporation tax at 20 – 21% (2015 20% - 24%) based on the taxable profit for the year	37,832	51,764
	Prior year adjustment	6,895	10,786
	Deferred taxation	(16,646)	(6,783)
		<u>28,081</u>	<u>55,787</u>
		=====	=====
ii)	Factors affecting the Tax Charge for the Year	£	£
	Corporation tax charge resulting from the application of standard rate of tax (21%) to the group profit for the year	47,484	77,308
	Expenditure not allowed for tax purposes	18,964	77,308
	Prior year adjustment	6,895	10,786
	Other adjustments and timing differences	(45,262)	(46,266)
	Tax charge for the year	<u>28,081</u>	<u>55,787</u>
		=====	=====

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****7 Tangible Fixed Assets - The Group**

	Short Term Leasehold Property £	Freehold Properties £	Plant Fittings Vehicles and Leasehold Improvements £	Total £
Cost or Valuation				
As at 1 February 2015	118,532	4,010,680	1,992,596	6,121,208
Additions	-	2,710,000	161	2,710,161
Disposals	-	(150,000)	(204,432)	(354,432)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 January 2016	118,532 =====	6,570,680 =====	1,788,325 =====	8,477,537 =====
Valuation	118,532	6,570,680	-	6,689,212
Cost	-	-	1,788,325	1,788,325
	<hr/>	<hr/>	<hr/>	<hr/>
	118,532 =====	6,570,680 =====	1,788,325 =====	8,477,537 =====
Accumulated Depreciation				
As at 1 February 2015	115,541	15,680	1,868,883	2,000,104
Charge for the year	-	-	47,022	47,022
Disposals	-	-	(154,089)	(154,089)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 January 2016	115,541 =====	15,680 =====	1,761,816 =====	1,893,037 =====
Net Book Value				
As at 31 January 2016	2,991 =====	6,555,000 =====	26,509 =====	6,584,500 =====
As at 31 January 2015	2,991 =====	3,995,000 =====	123,713 =====	4,121,704 =====

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****7 Tangible Fixed Assets - The Group (continued)**

The group's investment properties were revalued during the year by appropriately qualified professional valuers, on the basis of open market value. Surpluses or deficits on revaluation have been dealt with in the revaluation reserve.

The historical cost of freehold land and buildings included in this note at a value of £6,555,000 (2015 £3,995,000) was £2,795,800 (2015 £2,358,000). No depreciation been provided on freehold land and buildings as the directors consider the annual increase in the property values more than compensates any possible depreciation.

8 Intangible Fixed Asset	Goodwill £
Cost	
As at 1 February 2015 and 31 January 2016	185,235 =====
Amortisation	
As at 1 February 2015 and 31 January 2016	10,235 =====
Net Book Value	
As at 31 January 2016	175,000 =====
As at 31 January 2015	175,000 =====

D R E GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

9 Investments

a Investments in Subsidiaries

Company	Principal Activity	2016 £	2015 £
Highcross Commercial Investments Limited: 10,000 deferred shares of £1 each and 10,000 ordinary shares of \$1 each at cost and directors' valuation	Property	16,890	16,890
Burbage Cleaning Services Limited	Cleaning Contractors	-	-
DRE Property Services Limited 2 ordinary shares of £1 each at cost and directors' valuation	Property	2	2
Chaotic Synthesis Limited 2 ordinary shares of £1 each at cost and directors' valuation	Dormant	2	2
Fabrex [Hong Kong] Limited 10,000 ordinary shares of \$1 HK each at cost and directors' valuation	Dormant	714	714
Fabrex Yun Fu Investment at cost and directors' valuation	Dormant		
Heat Presses Direct Investment at cost and Directors' valuation	Retail	1	-
Twycross Estates Limited: 1 ordinary share of £1 at cost and directors' valuation	Property	1	1
		<u>17,610</u> =====	<u>2,017,609</u> =====

As set out in Note 1b above, and as required under section 409 of the Companies Act 2006 and the provisions of Financial Reporting Standard 2 *Accounting for Subsidiary Undertakings*, Croskeep Limited has been excluded from the group consolidation because of severe long-term restrictions which substantially prohibit the exercise of the rights of the parent company over the assets and management of the company. Its aggregate capital and reserves at 31 January 2016 was a deficit of £16,545,739 (2015 deficit of £16,523,000) and its reported loss for the year was £31,771 (2015 Loss of £12,355,000). At 31 January 2016 an amount of £937,570 was due from Croskeep Ltd to group companies (2015 £599,007). There is no responsibility or call on any group company in respect of the liabilities of Croskeep Limited.

The dormant subsidiaries identified above are all exempt from the requirements to prepare individual accounts by virtue of section 394A of the Companies Act 2006. The directors of the subsidiary companies in question are exempt from the requirement to deliver a copy of the dormant subsidiary's individual accounts to the registrar by virtue of section 448A of the Companies Act 2006.

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****9 Investments (continued)**

All the subsidiaries are wholly owned.

The consolidated accounts also incorporate the results of the following sub-subsidiaries, wholly owned by subsidiaries:-

Principal Activity

A Adkins & Son Limited

Manufacturing engineers

All the subsidiaries and sub-subsidiaries are incorporated in England except Fabrex [Hong Kong] Limited registered in Hong Kong and Fabrex Yun Fu registered in China.

10 Stocks

	2016	2015
	£	£
Raw materials	288,366	243,741
Finished goods	300,132	298,400
	<u>588,498</u>	<u>542,141</u>
	=====	=====

D R E GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 31 JANUARY 2016

		2016		2015	
		The Group	The Company	The Group	The Company
		£	£	£	£
11	Creditors: amounts falling due within one year				
	Bank overdrafts	20,251	-	19,438	-
	Bank loans and mortgages	170,058	-	46,966	-
	Hire purchase (note 13)	-	-	-	-
	Trade creditors	358,221	-	433,326	-
	Amounts owed to group Companies	-	1,998,684	-	945,645
	Corporation tax	37,832	2,309	51,764	-
	Other taxes and social security	48,067	-	25,069	-
	Other creditors	91,144	88,616	101,417	88,821
	Accruals and deferred income	94,708	-	98,316	1,034,466
		<u>820,281</u>	<u>2,087,609</u>	<u>777,296</u>	<u>1,563,736</u>
		=====	=====	=====	=====
12	Creditors: amounts falling due after more than one year				
	Bank loans	2,268,414	-	44,009	-
	Other creditors	-	-	50,000	-
	Bank loans	<u>2,268,414</u>	<u>-</u>	<u>94,009</u>	<u>-</u>
		=====	=====	=====	=====
	Aggregate amount of creditors payable by instalments any part of which is due after more than five years	-	-	-	-
		=====	=====	=====	=====
	Instalments payable after more than five years	-	-	-	-
		=====	=====	=====	=====

The bank loans, overdrafts and mortgages are secured on the group's freehold property, investments and other assets. Bank loans and mortgages are repayable over varying terms and at interest rates of between four to twelve per cent.

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****13 Obligations under Hire Purchase Contracts**

	2016		2015	
	The Group £	The Company £	The Group £	The Company £
Amounts falling due:-				
within one year	-	-	-	-
within two to five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Less finance charges allocated to future years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	=====	=====	=====	=====

Obligations under hire purchase contracts are secured on related tangible fixed assets

14 Deferred Taxation	£	£	£	£
Potential liability in respect of:-				
Capital allowances in excess of depreciation -				
amount unprovided	-	-	-	-
amount provided	8,339	-	24,985	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,339	-	24,985	-
	<hr/>	<hr/>	<hr/>	<hr/>
	=====	=====	=====	=====

The deferred tax provision has not been discounted as the directors consider that the impact of discounting on the provision would not be material. No provision has been made in respect of potential capital gains arising on the future sale of freehold property included in the accounts at revalued amounts. The potential tax liability in respect of such assets, at current rates of taxation, would be approximately £157,000 (2015 £152,000)

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016**

15 Called Up Share Capital	201	2015
Authorised	£	£
10,000 'A' ordinary shares of £1 each	10,000	10,000
10,000 'B' ordinary shares of 10p each	1,000	1,000
	<u>11,000</u>	<u>11,000</u>
	=====	=====
Allotted, issued and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000
10,000 'B' ordinary shares of 10p each	1,000	1,000
	<u>11,000</u>	<u>11,000</u>
	=====	=====

During the year ended 31 January 2010 the company's ordinary shares were re-designated as 'A' ordinary shares. 10,000 'B' ordinary shares of 10p were issued at par to provide the company with additional working capital and facilitate changes to the ownership of the company. The 'B' ordinary shares carry no voting rights and no dividend rights. On a return of capital, the assets of the company are distributable in the following order of priority :

First in paying to each of 'A' ordinary and 'B' ordinary shareholders an amount equal to the price paid of such shown on a par passu basis ;

Second, in paying to the 'A' ordinary shareholder an aggregate of £1.5 million;

Third, in paying any balance remaining after application of the above to the 'B' shareholders.

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****16 Reserves**

	Profit and Loss Account		Revaluation Reserve The Group £	Share Premium	
	The Group £	The Company £		The Group £	The Company £
Balance as at 1 February 2015	1,948,034	888,211	751,413	751,413	1,214,740
Profit for the financial year	198,032	(1,991,097)	-	-	-
Balance as at 31 January 2016	<u>2,146,066</u> =====	<u>(1,102,886)</u> =====	<u>751,413</u> =====	<u>751,413</u> =====	<u>1,214,740</u> =====

17 Reconciliation of Movements in Shareholders' Funds

	2016		2015	
	The Group £	The Company £	The Group £	The Company £
Opening shareholders' funds	5,185,424	2,113,931	4,575,090	2,112,892
Profit/ (loss) for the financial year	198,032	(1,991,077)	(87,565)	805,609
Closing shareholders' funds	<u>5,383,456</u> =====	<u>122,854</u> =====	<u>4,575,090</u> =====	<u>2,112,892</u> =====

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Continued)****YEAR ENDED 31 JANUARY 2016****18 Contingent Liabilities and Guarantees**

The group has issued VAT duty deferment bonds in favour of HM Customs & Excise of £20,000 (2015 £20,000). The company has issued cross guarantees with respect to the bank overdrafts of group companies, which amounted to £2,958,723 (2015 £3,144,009).

19 Controlling Party

The controlling party is Mr D R England by reason of his controlling interest in the issued shares of the company. Mr D R England is also a director of the company.

20 Pension Contributions

The group's subsidiaries operated a defined contribution pension scheme for certain employees and directors during the year. The assets of the scheme were held separately from the company in an independently administered fund. The charge for the year of £16,117 (2015 £14,600) represents contributions paid in the year. The number of directors for whom benefits are accruing under the defined contribution scheme was three.

21 Related Party Transactions

	2016	2015
(a) DRE Group Pension Scheme		
Rent paid to Group Pension Scheme at market rates	30,000 =====	30,000 =====
Fees paid by Group Pension Scheme for property management	8,650 =====	8,650 =====
(b) The group rented property from Mr D R England during the year for the sum of £108,400 (2015 £108,400).		
(c) An amount of £1,511 was due to Mr D R England at 31 January 2016 (2015 £1,511).		
(d) Cotswold Estates Limited		

During the year the group charged managing agent's fees of £7,500 (2015 £7,500) to Cotswold Estates Limited. Rent of £30,000 (2015 £30,000) was paid to Cotswold Estates Limited by the group. Mr D R England is a shareholder and director of Cotswold Estates Limited.

D R E GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(continued)****YEAR ENDED 31 JANUARY 2016****21 Related Party Transactions (continued)**

(e) During the year the group purchased freehold property at its open market value of £2,710,000 from Croskeep Limited, a subsidiary of DRE Group Limited excluded from the consolidated accounts for reasons set out in note 1 (b) above.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2016	2015
	£	£
22 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	328,849	358,362
Depreciation charges	47,022	57,786
Loss/(Profit) on sale of tangible fixed assets	51,226	2,906
Increase in stocks	(46,357)	(35,907)
Increase in debtors	(464,985)	(104,874)
(Decrease) in creditors	66,986	77,612
	<u>(162,491)</u>	<u>355,885</u>
	=====	=====
23 GROSS CASH FLOWS		
Returns on investments and Servicing of Finance		
	£	£
Interest paid	(102,736)	(22,241)
Interest received	-	-
	<u>(102,736)</u>	<u>(22,241)</u>
	=====	=====

D R E GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT

(Continued)

YEAR ENDED 31 JANUARY 2016

	2016	2015
	£	£
23 GROSS CASH FLOWS (continued)		
Taxation		
Corporation tax paid	(51,764)	(35,588)
	=====	=====
Capital Expenditure		
Payments to acquire tangible fixed assets	(2,710,000)	(37,832)
Receipts from sales of tangible fixed assets	145,000	520,170
	<u>(2,565,000)</u>	<u>482,338</u>
	=====	=====
Financing		
Debt due within one year:		
Increase/(Decrease) in bank loans and mortgages	163,092	(16,460)
Debt due after more than one year:		
Increase/(Decrease) in bank loans and mortgages	2,764,405	(138,263)
Capital element of hire purchase repayments	-	(4,085)
	<u>2,927,497</u>	<u>(158,808)</u>
	=====	=====

D R E GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT

(Continued)

YEAR ENDED 31 JANUARY 2016

24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 February 2015 £	Cash Flows £	Other Charges £	At 31 January 2016 £
Cash at bank and in hand	286,195	46,319		332,514
Overdrafts	(19,438)	(813)		(20,251)
	<u>266,757</u>	<u>45,506</u>	<u>-</u>	<u>302,263</u>
	=====	=====	=====	=====
Debt due within one year	(6,966)	(163,092)		(170,058)
Debt due after more than one year	(4,009)	(2,764,000)		(2,768,414)
Hire purchase	-	4,085		-
	<u>(10,975)</u>	<u>(2,927,497)</u>	<u>-</u>	<u>(2,938,472)</u>
	=====	=====	=====	=====
	<u>255,782</u>	<u>(2,881,991)</u>	<u>-</u>	<u>(2,626,209)</u>
	=====	=====	=====	=====

D R E GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT

(Continued)

YEAR ENDED 31 JANUARY 2016

	2016	2015
	£	£
24 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase in cash in the year	45,506	621,586
Cash outflow from increase in debt and hire purchase obligations	(2,927,497)	238,808
Change in net debt resulting from cash flows	<u>(2,881,991)</u>	<u>860,394</u>
Net debt as at 1 February 2015	<u>255,782</u>	<u>(604,612)</u>
Net debt at 31 January 2016	<u>(2,626,209)</u> =====	<u>255,782</u> =====