

# Financial Statements

## Calvert Office Equipment Limited

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For the Year Ended 31 August 2018

Registered number: NI006103



## Calvert Office Equipment Limited

# Company Information

**Directors**

Mr D Calvert  
Mr R Calvert  
Mr K Houston  
Mr B Thompson  
Mr A Roper

**Company secretary**

Mr D Calvert

**Registered number**

NI006103

**Registered office**

20 Orby Link  
Belfast  
Antrim  
BT5 5HU

**Independent auditors**

Grant Thornton (NI) LLP  
Chartered Accountants & Statutory Auditors  
12 - 15 Donegal Square West  
Belfast  
BT1 6JH

**Bankers**

Ulster Bank Limited  
11-16 Donegal Square East  
Belfast  
Antrim  
BT1 5HD

**Solicitors**

Hewitt & Gilpin  
Thomas House  
14-16 James Street South  
Belfast  
BT2 7GA

## Contents

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditors' report</b>	5 - 8
<b>Statement of comprehensive income</b>	9
<b>Balance sheet</b>	10
<b>Statement of changes in equity</b>	11
<b>Notes to the financial statements</b>	12 - 26

# Strategic report

For the Year Ended 31 August 2018

## **Introduction**

The directors present their strategic report for the year ended 31 August 2018.

## **Business review**

The directors consider that both the results for the year and the prospects for the future are satisfactory.

## **Principal risks and uncertainties**

The company uses various financial instruments including cash, overdrafts and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are credit risk, liquidity, interest rate, price and market risk.

The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

### **Credit risk**

The company's principal financial assets are cash and debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors.

In order to manage credit risk the directors assess potential customers based on a mixture of past history, credit references, and industry knowledge, and amounts owed are reviewed and followed up on a regular basis.

### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved by cash balances and overdraft facilities.

### **Interest rate risk**

The company finances its operations through retained profits. The company exposure to interest rate fluctuations on its borrowings is managed through annual review of its borrowing requirements.

### **Price and market risk**

As the company does not normally make investments, price risk is considered inconsequential.

## **Strategic report (continued)**

**For the Year Ended 31 August 2018**

### **Financial key performance indicators**

The main performance indicator used by the company is the gross profit margin. This has decreased in the year to 62.7% from 66.6% in 2017.

This report was approved by the board on 5 February 2019 and signed on its behalf.



**Mr D Calvert**  
Director

# Directors' report

For the Year Ended 31 August 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

## **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

## **Principal activity**

The company's principal activity is selling and servicing photocopiers.

## **Dividends**

The profit for the year, after taxation, amounted to £2,977,319 (2017: £3,181,838).

Details of the dividend issued in the year can be found at Note 11 in these financial statements.

## **Directors**

The directors who served during the year were:

Mr D Calvert  
Mr R Calvert  
Mr K Houston  
Mr B Thompson

## Directors' report (continued)

For the Year Ended 31 August 2018

Mr A Roper

### Future developments

The company is likely to continue in its efforts to secure additional customers whilst ensuring that existing customers continue to enjoy a first class after sales service. There will be no significant change to the company's core activities.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditors

The auditors, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 February 2019 and signed on its behalf.



Mr D Calvert  
Director

# Independent auditors' report to the members of Calvert Office Equipment Limited

## **Opinion**

We have audited the financial statements of Calvert Office Equipment Limited, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity for the financial year ended 31 August 2018, and the related 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Calvert Office Equipment Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company as at 31 August 2018 and of its financial performance for the year then ended; 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') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor 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 United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our 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**

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon, including the Directors' report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and,



## Independent auditors' report to the members of Calvert Office Equipment Limited (continued)

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 in the financial statements, 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.

### **Matters on which we are required to report by exception**

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, 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 management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Independent auditors' report to the members of Calvert Office Equipment Limited (continued)

### **Responsibilities of the auditor for the audit of the financial statements**

The objectives of an auditor 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

## Independent auditors' report to the members of Calvert Office Equipment Limited (continued)

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



Louise Kelly (Senior statutory auditor)

for and on behalf of

**Grant Thornton (NI) LLP**

Chartered Accountants  
Statutory Auditors

Belfast

5 February 2019

# Statement of comprehensive income

For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Turnover	4	11,260,708	11,046,167
Cost of sales		(4,203,023)	(3,685,351)
<b>Gross profit</b>		<b>7,057,685</b>	<b>7,360,816</b>
Administrative expenses		(3,378,694)	(3,584,256)
<b>Operating profit</b>	5	<b>3,678,991</b>	<b>3,776,560</b>
Interest receivable and similar income	8	1,654	846
<b>Profit before tax</b>		<b>3,680,645</b>	<b>3,777,406</b>
Tax on profit	9	(703,326)	(595,568)
<b>Profit for the financial year</b>		<b>2,977,319</b>	<b>3,181,838</b>

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 12 to 26 form part of these financial statements.

## Balance sheet

As at 31 August 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	1,988,592	2,221,300
		<u>1,988,592</u>	<u>2,221,300</u>
<b>Current assets</b>			
Stocks	12	188,551	119,915
Debtors	13	2,648,116	2,371,063
Cash at bank and in hand	14	1,714,611	516,563
		<u>4,551,278</u>	<u>3,007,541</u>
Creditors: amounts falling due within one year	15	(1,455,261)	(1,756,414)
<b>Net current assets</b>		<u>3,096,017</u>	<u>1,251,127</u>
<b>Total assets less current liabilities</b>		<u>5,084,609</u>	<u>3,472,427</u>
Creditors: amounts falling due after more than one year	16	(234,287)	(203,424)
<b>Net assets</b>		<u><u>4,850,322</u></u>	<u><u>3,269,003</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	2,088	2,088
Capital redemption reserve	20	7,912	7,912
Profit and loss account	20	4,840,322	3,259,003
		<u><u>4,850,322</u></u>	<u><u>3,269,003</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 February 2019.



Mr D Calvert  
Director

The notes on pages 12 to 26 form part of these financial statements.

## Statement of changes in equity

For the Year Ended 31 August 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2017	2,088	7,912	3,259,003	3,269,003
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,977,319	2,977,319
Dividends: Equity capital	-	-	(1,396,000)	(1,396,000)
<b>At 31 August 2018</b>	<b>2,088</b>	<b>7,912</b>	<b>4,840,322</b>	<b>4,850,322</b>

The notes on pages 12 to 26 form part of these financial statements.

## Statement of changes in equity

For the Year Ended 31 August 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2016	2,088	7,912	3,313,165	3,323,165
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,181,838	3,181,838
Dividends: Equity capital	-	-	(3,236,000)	(3,236,000)
<b>At 31 August 2017</b>	<b>2,088</b>	<b>7,912</b>	<b>3,259,003</b>	<b>3,269,003</b>

The notes on pages 12 to 26 form part of these financial statements.

# Notes to the financial statements

For the Year Ended 31 August 2018

## **1. General information**

Calvert Office Equipment Ltd is a limited company incorporated in Northern Ireland. The registered office is 20 Orby Link, Belfast, Antrim, BT5 5HU.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102), and with Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to fair value basis for certain financial instruments as specified in the accounting policies below.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "Financial Reporting Standard applicable in the UK and Ireland":

- The requirement of section 7 Statement of Cash Flows;
- The requirements of section 33 Related Party Disclosures paragraph 3.17(d).

This information is included in the consolidated financial statements of Orby Holdings Limited as at 31 August 2018, and these financial statements can be obtained from the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

### **2.2 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.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.3 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.



# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
  - it is probable that the Company will receive the consideration due under the contract;
  - the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### 2.6 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- 2% straight line
Motor vehicles	- 20% straight line
Fixtures & fittings	- 20% straight line
Plant & Machinery	- 33.33% straight line
Computer equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of

# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.13 Financial instruments (continued)

financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 2. Accounting policies (continued)

### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following have significant effects on the financial statements.

### Allowance for impairment of trade debtors

The group estimates the allowance for doubtful debtors based on assessment of specific accounts where the company has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship.

## 4. Turnover

Segmental information in respect of turnover is not disclosed in these financial statements as in the opinion of the directors to do so would be prejudicial to the interests of the company.

	2018 £	2017 £
United Kingdom	11,260,708	11,046,167
	<u>11,260,708</u>	<u>11,046,167</u>

All turnover arose within the United Kingdom.

## 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	1,436,573	1,535,041
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,300	10,300
- Taxation compliance services	1,700	1,700
Exchange differences	(675)	370
Defined contribution pension cost	12,173	7,980
	<u>1,460,071</u>	<u>1,555,391</u>

# Notes to the financial statements

For the Year Ended 31 August 2018

## 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,385,697	1,525,072
Social security costs	152,465	157,682
Cost of defined contribution scheme	12,173	7,980
	<u>1,550,335</u>	<u>1,690,734</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Number of servicing & repairs staff	38	36
Number of selling & distribution staff	8	8
Number of administration staff	8	8
	<u>54</u>	<u>52</u>

## 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	439,979	385,263
Company contributions to defined contribution pension schemes	1,697	1,113
	<u>441,676</u>	<u>386,376</u>

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £136,654 (2017 - £121,385).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £562 (2017 - £380).

# Notes to the financial statements

For the Year Ended 31 August 2018

## 8. Interest receivable

	2018 £	2017 £
Other interest receivable	1,654	846
	<u>1,654</u>	<u>846</u>

## 9. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	753,685	834,100
Adjustments in respect of previous periods	-	(185,228)
	<u>753,685</u>	<u>648,872</u>
<b>Total current tax</b>	<u>753,685</u>	<u>648,872</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(50,359)	(77,450)
Effect of tax rate change on opening balance	-	24,146
<b>Total deferred tax</b>	<u>(50,359)</u>	<u>(53,304)</u>
<b>Taxation on profit on ordinary activities</b>	<u>703,326</u>	<u>595,568</u>

# Notes to the financial statements

For the Year Ended 31 August 2018

## 9. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>3,680,645</u>	<u>3,777,406</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%)	699,323	739,647
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	488	5,245
Difference in fixed assets	2,750	-
Adjustments to tax charge in respect of prior periods	(5,159)	(185,228)
Changes in tax rates or laws	-	24,146
Deferred tax recognised at a different rate	5,924	11,758
<b>Total tax charge for the year</b>	<u><b>703,326</b></u>	<u><b>595,568</b></u>

## 10. Dividends

	2018 £	2017 £
Dividends paid	<u>1,396,000</u>	<u>3,236,000</u>



## Notes to the financial statements

For the Year Ended 31 August 2018

**11. Tangible fixed assets**

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 September 2017	839,966	6,525,273	700,522	300,614	563,958	8,930,333
Additions	-	1,066,582	130,633	45	22,091	1,219,351
Disposals	-	(868,334)	(106,045)	-	-	(974,379)
At 31 August 2018	839,966	6,723,521	725,110	300,659	586,049	9,175,305
<b>Depreciation</b>						
At 1 September 2017	283,196	5,296,987	459,222	280,590	389,038	6,709,033
Charge for the year on owned assets	14,466	1,231,879	104,737	6,900	78,591	1,436,573
Disposals	-	(852,848)	(106,045)	-	-	(958,893)
At 31 August 2018	297,662	5,676,018	457,914	287,490	467,629	7,186,713
<b>Net book value</b>						
At 31 August 2018	542,304	1,047,503	267,196	13,169	118,420	1,988,592
At 31 August 2017	556,770	1,228,286	241,300	20,024	174,920	2,221,300

**12. Stocks**

	2018 £	2017 £
Finished goods and goods for resale	188,551	119,915
	188,551	119,915

Stock recognised in cost of sales during the year as an expense was £4,271,659 (2017: £3,660,262).

# Notes to the financial statements

For the Year Ended 31 August 2018

## 13. Debtors

	2018 £	2017 £
Trade debtors	1,942,751	1,756,665
Amounts owed by group undertakings	72,497	72,497
Prepayments and accrued income	94,578	53,970
Deferred taxation	538,290	487,931
	<u>2,648,116</u>	<u>2,371,063</u>

## 14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,714,611	516,563
	<u>1,714,611</u>	<u>516,563</u>

## 15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	533,844	515,619
Corporation tax	388,546	499,259
Other taxation and social security	349,698	368,396
Accruals and deferred income	183,173	373,138
	<u>1,455,261</u>	<u>1,756,412</u>

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Corporation tax and other taxes are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 16. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other creditors	234,287	203,424
	<u>234,287</u>	<u>203,424</u>

The above long term creditor represents amounts due to directors under their long term incentive plan with the company.

## 17. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,714,611	516,563
Financial assets that are debt instruments measured at amortised cost	2,109,826	1,883,132
	<u>3,824,437</u>	<u>2,399,695</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(951,304)</u>	<u>(1,093,944)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by trade debtors, amounts owed by group companies, and prepayments.

Financial assets that are equity instruments measured at cost less impairment comprise...

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, accruals and other creditors.

# Notes to the financial statements

For the Year Ended 31 August 2018

## 18. Deferred taxation

	2018 £
At beginning of year	487,931
Charged to the profit or loss	50,359
At end of year	<u>538,290</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	487,931	453,349
Short term timing differences	50,359	34,582
	<u>538,290</u>	<u>487,931</u>

# Notes to the financial statements

For the Year Ended 31 August 2018

## 19. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
2,088 (2017 - 2,088) Ordinary shares of £1.00 each	<u>2,088</u>	<u>2,088</u>

## 20. Reserves

### Capital redemption reserve

This reserve represents the nominal value of shares that have been issued.

### Profit & loss account

This reserve includes all current and prior period retained profits and losses.

## 21. Pension commitments

The group operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge of £1,697 for directors (2017: £1,113) and £10,476 for employees (2017: £6,867) represents contributions payable by the group to the fund.

## 22. Related party transactions

As a wholly owned subsidiary of Orby Holdings Limited the company is exempt from the requirements of FRS 102 Section 33 to disclose transactions with other members of the group.

## 23. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Orby Holdings Limited by virtue of its controlling shareholding. Orby Holdings Limited is a company incorporated in Northern Ireland.

The consolidated financial statements of Orby Holdings Limited are available for inspection at the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast.