

DECCO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020



Company no. 00417021

DECCO LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2020

Company registration number: 00417021 (Incorporated in England)

Registered office: Votec House
Hambridge Lane
Newbury
Berkshire
RG14 5TN

Directors: N J Palmer
S Westbrook
L Yu

Secretary: L Yu

Independent auditor: Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

DECCO LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2020

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DECCO LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020.

Principal activity

The principal activity of the company during the year was the wholesaling of DIY and garden products, fasteners, industrial engineering products and janitorial supplies.

Business review and financial key performance indicators

The principal objective of the company continues to be the delivery of sustainable, responsible and profitable business growth through a strategy of optimum use of the company's expertise in products and local market conditions.

The directors use a number of measures, both financial and non-financial, to monitor and benchmark the performance of the company. They regard the following as the key financial indicators of performance.

Sales increased by 25.3% during the year from £98.1m to £122.9m mainly through organic growth across our range of products that benefitted from more favourable weather and market conditions compared to the prior year. The business worked closely with our customers and suppliers to maximise the opportunities available during peak periods of trading by anticipating demand and putting in place contingency measures to ensure minimum disruption to supply for certain gardening products that had shown higher than expected demand. The business also invested in contingency stock to ensure that it maintained a high level of service and fulfilment rate to its customers.

Due to a focus on operating costs and cost containment, despite an increase in employment costs of 15.5%, the impact on operating costs was contained with operating costs increasing from £94.9m to £116.2m. The increase in payroll costs is driven by a change in staff mix and use of temporary staff to help meet peak demand, despite the average number of employees reducing to 301 employees from 312 in the prior year.

Profit after tax was retained in the business and accordingly net assets increased from £44.1m to £49.3m and net current assets increased from £44.3m to £49.5m. The business has remained cash generative with the company's cash level, net of intercompany loans, increasing from £31.8m to £40.5m. The increase in cash levels allows continued investment in the business of retained profits throughout the year and the financing of working capital requirements during peak trading.

The directors believe the business is in a sound position at the year-end and is well placed to meet the challenges of the year ahead. Despite the onset of the Covid-19 pandemic, and the uncertainty of Brexit, the business continued to perform strongly and honoured all ongoing liabilities from cash reserves which remains strong. The markets in which we operate in appear to be strong but ongoing review of our cost base continues, especially around the deployment of resources around peak periods as well as investment in our business to business portal and back office systems. The directors do not therefore anticipate any major changes in the company's strategy for the year ahead but, they remain vigilant for any significant impact to the market environment as a result of the pandemic and post Brexit negotiations. The directors believe the business' prospects are good.

S172(1) Statement

The board of directors of Decco Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a)-(f) of the Act) in the decisions taken during the year ended 31 December 2020.

Our key stakeholders are our employees, customers and suppliers, the community and environment. These are considered our key stakeholders as they have the most impact on the long-term success of our business

S172(1) Statement (continued)

Below are examples of how the directors engage with key stakeholders:

Employees

As explained in the Report of the Directors, the involvement of employees is vital to our businesses and the directors keep them informed on matters affecting them as employees and the various factors affecting the performance of the Company. Employee representatives are consulted regularly on a range of matters concerning their interests. The directors also maintain an open-door policy and all employees are encouraged to bring forward their views on all aspects of the Company. The directors consider the above to be effective as it provides a platform for a two-way communication where concerns and ideas can be passed upward where necessary, so that the business can take advantage of opportunities quickly. This also enables key decisions to be taken with the benefit of local feedback.

Customers and Suppliers

The directors place considerable value on the engagement of customers and suppliers in making decisions taking on board their views and insights through regular dialogue and meetings. We operate on a multi-branch business basis with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contribution. Our strategy is to provide the highest possible service to customers. The ability of our branch managers to determine all aspects of their business ensures they are strongly focused on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high-quality team. We also host customer and supplier events at local and national level, including training for both customers and staff. We work together with our customers and suppliers for the mutual success of our respective businesses. The above aids the achievement of our key performance indicators because by supporting our customers and suppliers' efforts to bring products to market at fair prices, with rigorous quality control and high levels of availability, we ensure that we maximise the opportunities we have for our mutual interests whilst observing our mutual responsibilities to the wider community and environment.

The success of the above is measured using our key performance indicators of turnover and operating income. These key performance indicators, together with customer and supplier feedback were useful early warning indicators that helped the business identify the issues noted in the business review and appropriate action, such as focus on cost reduction, were taken which helped minimise the impact that Brexit planning by the market and the seasonal variations had on our results.

Community and Environment

In formulating our plan, we took into account the impact of the Company's operations on the community and environment, our wider social responsibilities, and in particular how we comply with legislation and react promptly to local community concerns such as giving staff time-off to perform voluntary activities to help local charitable causes.

As the board of directors, our intention is to behave responsibly and ensure that the management team operate our businesses in a responsible manner, operating within the high standards of business conduct and good governance expected for a Company such as ours and in doing so, will contribute to long term success of our Company.

This is achieved through training, management having regular dialogue with our teams and monitoring through our internal audit function. The intention is to nurture our reputation, through our actions, that reflects our responsible behaviour.

The regular engagement by the directors with all stakeholders such as those described above enables the directors to enhance their awareness of the market, improve decision making and promote the long-term success of the Company more effectively and observe the principles of s172.

Principal risks and uncertainties

The directors are responsible for the company's risk management procedure. The directors monitor risks facing the business and identifies any that are emerging. The directors recognise that it is ultimately responsible for the actions that are taken and reserves certain key decisions such as senior appointments, funding of operations and acquisitions.

The directors work with the operational management team to ensure that risks are identified and appropriately managed, in accordance with defined policies and procedures, and that there are clear responsibilities for this. There is an active programme of internal audit which monitors compliances with our standard practice instructions.

The main risks and uncertainties facing the company can be summarised as:

- Changes in the economic environment

Contingency plans are used for recession or rapid downturn of our core market. Our key performance indicators act as early warning signals; and focuses on risks affecting our level of business, overheads and working capital.

- Product demand and obsolescence

Working closely with and taking into account feedback from our customers, suppliers and colleagues means we are best placed to understand and react according to sudden changes in product demand and technological development. An example was early indication of potential supply shortage due to higher than expected demand meant we were able to review our stock levels early on and take on contingency levels of stock.

- Competitor action

We work closely with our customers and suppliers for the mutual success of our respective businesses and build strong relationships with these key stakeholders. The feedback from these key stakeholders and our key performance indicators help the directors to review the impact of key decisions and to reconsider them where it is appropriate to do so.

- Credit risk

Credit risk is described in the Report of the Directors.

The above are important as they individually and combined could have a significant impact on the operations, cashflow and performance of the business. The directors regularly review and agree policies for managing each of these risks. This is based on the steps described above and also through our understanding of the industry, regulation, working with our customers and suppliers and seek professional advice where appropriate. The directors' objective is to minimise the possibility of these risks impacting our business and to mitigate them wherever possible. These policies remain unchanged from previous years.

In addition to the above, the impact of Covid19 and Brexit are areas of discussion and are still subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. The directors are monitoring the spread and impact of the virus. The disruption to operations, service and supply chain have been considered. The directors have put in place contingency plans in order to cope with any interruptions. The main area of focus at the outset of the Covid 19 pandemic was the potential impact it could have on working capital. Financing options were available and considered, however the impact on performance was minimal and the company maintained strong cash reserves. The company does not intend to use those financing options.

DECCO LIMITED

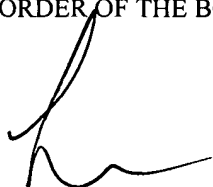
STRATEGIC REPORT

For the year ended 31 December 2020

Principal risks and uncertainties (continued)

The UK formally left the EU on 31 January 2020 and entered a transition period which ended on 31 December 2020. Despite an agreement being reached with the EU, the directors will continue to monitor and identify key risks and opportunities, which include but not are limited to stock levels, pricing and supply. The directors have put in place contingency plans with the company's supply-base and customers in order to cope with any interruptions.

BY ORDER OF THE BOARD



L Yu
Secretary

20/09/21

Company registration: 00417021

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2020

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

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. There was a profit for the year after taxation amounting to £5.4m (2019: £2.6m).

The directors do not recommend the payment of a dividend (2019: £nil).

Financial risk management objectives and policies

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Market risk

The company is exposed to foreign exchange risk on certain transactions. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements. There were no hedging arrangements in place as at 31 December 2020 and 31 December 2019.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2020

Recruitment and employee relations (continued)

The company places considerable importance on maintaining good relations with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a range of matters affecting their interests.

Business relationships

The S172(1) statement in the strategic report provides details of how the directors have had regard to the need to foster business relationships with suppliers, customer and other stakeholders during the year.

Future developments

An indication of future developments of the business is included in the strategic report.

Environmental policies

We continue to review our environmental policies and seek at all times to meet our legal obligations in this regard.

Directors

The present membership of the Board, and listing of directors who served during the year, is set out below:

N J Palmer
S Westbrook
L Yu

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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, including FRS 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 and profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2020

Directors' responsibilities statement (continued)

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.

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

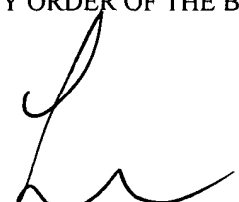
To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Report of the Directors include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

Going concern

In the light of the current climate in relation to the Covid19 pandemic the directors have reviewed the company's finances which confirm that the company has adequate funding available to continue operational existence for the foreseeable future. There have been no other significant events affecting the company since the year end. The directors believe there are no material uncertainties that call into doubt the company's ability to continue as a going concern and the accounts therefore have been prepared on the basis that the company is a going concern.

BY ORDER OF THE BOARD


L Yu
Secretary

20/09/21

Company registration: 00417021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DECCO LIMITED

Opinion

We have audited the financial statements of Decco Limited ('the company') for the year ended 31 December 2020 which comprise the principal accounting policies, the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity 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 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, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Report of the Directors, other than the financial statements and our auditor's report thereon. 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.

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

Other information (continued)

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.

Opinions on other matters 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the 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 or the Report of the Directors.

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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 5 - 6, 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.

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

Audit response to risks identified (continued)

- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Jay ACA FCCA
Senior Statutory Auditor
For and on behalf of Fiander Tovell Limited
Statutory Auditor, Chartered Accountants
Southampton

Date: 28/9/21

DECCO LIMITED**INCOME STATEMENT**

For the year ended 31 December 2020

	Note	2020 £000s	2019 £000s
Turnover	2	122,918	98,141
Operating Profit	3	6,740	3,215
Interest receivable and similar income	4	101	241
Interest payable and similar charges	5	(16)	(16)
Other financial expenses	23	(278)	(205)
Profit on ordinary activities before taxation		6,547	3,235
Tax on profit on ordinary activities	8	(1,124)	(644)
Profit for the financial year		5,423	2,591

All results derive from continuing operations for both the current year and prior year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents for both the current year and prior year.

The accompanying accounting policies and notes (pages 16–32) form an integral part of the financial statements.

DECCO LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	Note	2020 £000s	2019 £000s
Profit for the financial year		5,423	2,591
Actuarial gain relating to the pension scheme	23	(725)	(188)
Effect of asset limit	23	<u>503</u>	<u>393</u>
Total comprehensive income for the year		<u>5,201</u>	<u>2,796</u>

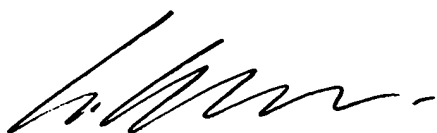
The accompanying accounting policies and notes (pages 16–32) form an integral part of the financial statements.

DECCO LIMITED**BALANCE SHEET AT 31 DECEMBER 2020**

For the year ended 31 December 2020

	Note	2020	2019
		£000s	£000s
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	1,715	1,626
Investments	11	-	-
		<u>1,715</u>	<u>1,626</u>
Current assets			
Stocks	12	12,936	12,546
Debtors	13	37,124	32,252
Cash at bank		<u>17,669</u>	<u>12,135</u>
		67,729	56,933
Creditors: Amounts falling due within one year	14	<u>(18,239)</u>	<u>(12,649)</u>
Net current assets		<u>49,490</u>	<u>44,284</u>
Total assets less current liabilities		51,205	45,910
Creditors: Amounts falling due after more than one year	15	(281)	(288)
Provisions for liabilities and charges	17	<u>(1,591)</u>	<u>(1,490)</u>
Net assets excluding pension asset		49,333	44,132
Pension asset	23	<u>-</u>	<u>-</u>
Net assets including pension asset		<u>49,333</u>	<u>44,132</u>
Capital and reserves			
Called-up share capital	18	58,040	58,040
Profit and loss account		<u>(8,707)</u>	<u>(13,908)</u>
Total shareholders' funds		<u>49,333</u>	<u>44,132</u>

The financial statements on pages 12 to 32 were approved and authorised for issue by the board of directors on 20 September 2021 and were signed on their behalf by:



S Westbrook
Director

DECCO LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

	Called-up share capital £000s	Profit and loss account £000s	Total £000s
At 1 January 2019	58,040	(16,704)	41,336
Profit for the year	-	2,591	2,591
Total comprehensive gain for the year	-	205	205
At 31 December 2019	58,040	(13,908)	44,132
Profit for the year	-	5,423	5,423
Total comprehensive gain for the year	-	(222)	(222)
At 31 December 2020	58,040	(8,707)	49,333

The accompanying accounting policies and notes (pages 16–32) form an integral part of the financial statements.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 ACCOUNTING POLICIES

These financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with applicable UK accounting standards and the Companies Act 2006.

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

The principal accounting policies are set out below. The preparation of financial statements in compliance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. All figures have been rounded to the nearest one thousand pounds sterling (£1,000).

Exemptions for qualifying entities under FRS 102

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by Company's shareholders.

The company has taken advantage of the following exemptions:

Statements of cash flow

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 3.17(d) on the grounds that a consolidated cash flow statement is included in the financial statements of the Parent.

Financial instruments disclosures

The Company has taken advantage of the exemption from the financial instruments disclosures required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of the Parent.

Key management personnel compensation

The Company has taken advantage of the exemption from disclosing the Company key management compensation pursuant to FRS 102 33.7

Related party disclosures

The Company has taken advantage of the exemption from disclosing the related party disclosures pursuant to FRS 102 paragraph 33.7

The company is a wholly-owned subsidiary of Newbury Investments (UK) Limited and is included in the consolidated financial statements of Newbury Investments (UK) Limited, which are publicly available.

Going concern

After considering the Company's performance in the year to 31 December 2020, its future prospects and its cash flow forecasts, the Directors have full expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least for a period of twelve months from the date the financial statements are signed. In the unlikely event additional finance is required, Group support is confirmed as available. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Goodwill

Goodwill arising on the acquisition of the trade and assets of a business represents the excess of the fair value of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life of between 2 and 5 years from the date of acquisition.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for an impairment where indications of impairment exist.

Fixed assets

All assets are initially measured at cost. Cost comprises the initial purchase price plus, where material, any further directly attributable costs in making the asset available for use.

Fixed asset depreciation

Depreciation is calculated so as to write off the cost of an asset other than freehold land, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and long leasehold land and buildings - 50 years straight line

Plant and equipment - 4 years straight line

Motor vehicles - 4 years straight line

Office and computer equipment - 4 years straight line

Rental assets - over the life of the lease straight line

Leasehold improvements - over the lower of the life of the lease or 5 years straight line.

Where the split of cost between freehold land and buildings can be reliably calculated, the freehold land element is held at historic cost and is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" in the income statement.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate. Cost is determined on a first-in, first-out (FIFO) basis which includes the purchase price together with all direct attributable costs and income to bring inventory to its present location and condition.

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.

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.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Creditors

Short term trade 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.

Bank cross guarantee

The fair value of a financial guarantee contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

Turnover

The turnover shown in the income statement represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised when the risk and rewards of ownership of stock is transferred to the customer. This occurs when the stock is delivered to the customer or is collected by them from the point of sale. As such, invoices are raised on delivery or collection and recognised immediately.

Pension costs

Defined benefit pension costs

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to total comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains and losses'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an 'Other financial expense'.

A surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contribution in the future or through a refund. The excess will not be recognisable until such time the scheme is fully wound up.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Pension costs (continued)

Therefore, the directors do not consider it appropriate to recognise an asset and an asset limit adjustment is applied to restrict the balance to zero.

Defined contribution pension scheme

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Current and deferred taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as total comprehensive income or to an item recognised directly in equity is also recognised in total 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 reporting date in the countries where the company and the group operate and generate income.

Deferred 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 group 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial instruments*Financial liabilities and equity instruments*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Balance Sheet. Finance costs and gains or losses relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Forward exchange contracts

Forward exchange contracts are used to manage currency fluctuations on stock purchasing in foreign currencies by entering into a forward exchange contract to match the future foreign currency commitment when due. Foreign exchange contracts and the amounts due are valued at the time when the contract is taken out. Any changes in fair value are recognised in the Income Statement.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

Finance lease agreements

Rentals applicable to finance leases, where substantially all of the benefits and risks of ownership transfer to the lessee, are capitalised and depreciated over the period of the lease.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Government grants

Government grants relate to claims made under the coronavirus job retention scheme and are recognised in the income statement in the same period as the costs to which they relate.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Property dilapidations and onerous leases

Under certain operating leases for land and buildings, the company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The company charges amounts to income statement so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

Where leased properties are vacated the company provides for the best estimate of the future unrecoverable costs of its obligations under those leases.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Significant judgements and estimates (continued)

Stock provisioning

The company holds stock that is subject to changing industry demands. As a result, it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of goods. See note (12) for the net carrying amount of the stock and associated provision movement in the year.

Impairment of 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 current credit rating of the debtor, the ageing profile of debtors and historical experience. See note (13) for the net carrying amount of the debtors and associated impairment provision movement in the year.

Defined benefit pension scheme

The calculation of the deficit or surplus on the company's defined benefit pension scheme is based on a number of actuarial assumptions including discount rate, inflation rate and mortality rates, as disclosed in note 23. These assumptions are reviewed regularly by the Directors with the scheme actuary.

2 TURNOVER

Turnover is attributable to the principal activity of the company as described in the Report of the Directors and is derived from orders received in the United Kingdom.

3 OPERATING PROFIT

Operating profit is stated after (charging)/crediting:

	2020 £000s	2019 £000s
Change in stocks of finished goods	390	1,022
Purchase of raw materials and consumables	(96,447)	(77,242)
Other operating income	31	-
Government grants (see note 1)	542	-
Other external charges	(3,113)	(2,975)
Staff costs (see note 6)	(11,974)	(10,370)
Depreciation written off owned fixed assets	(517)	(480)
Depreciation written off assets on hire purchase and finance leases	(212)	(243)
Advertising	(476)	(664)
Property operating expenses	(2,812)	(2,425)
Other operating charges	(1,590)	(1,549)
	<u>(116,178)</u>	<u>(94,926)</u>

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

3 OPERATING PROFIT (CONTINUED)

Other operating charges include but are not limited to stationery, general insurances, computer consumables and group recharges.

Operating profit is stated after (charging)/crediting:

	2020 £000s	2019 £000s
Auditor's remuneration		
- Audit fees	(46)	(39)
- Audit of pension scheme	(5)	(5)
- Taxation compliance services	(5)	(6)
Profit on disposal of fixed assets	58	122
Operating lease rentals:		
- Plant and machinery	(166)	(162)
- Other	(1,498)	(1,333)

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £000s	2019 £000s
Interest on group balances	101	240
Other similar interest receivable	-	1
	<u>101</u>	<u>241</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £000s	2019 £000s
Finance lease interest	<u>16</u>	<u>16</u>

6 EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2020 No.	2019 No.
Administration	71	76
Sales and distribution	<u>230</u>	<u>236</u>
	<u>301</u>	<u>312</u>

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

6 EMPLOYEES (CONTINUED)

The aggregate payroll costs of the above were:

	2020 £000s	2019 £000s
Wages and salaries	10,158	8,803
Social security costs	990	759
Pension costs (see note 23)	826	808
	<u>11,974</u>	<u>10,370</u>

7 DIRECTORS

Remuneration in respect of directors was as follows:

	2020 £000s	2019 £000s
Emoluments receivable	223	142
Value of company pension contributions to defined contribution scheme	<u>1</u>	<u>2</u>
	<u>224</u>	<u>144</u>

One director (2019: One) had benefits accruing under a defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2020 £000s	2019 £000s
Emoluments receivable	<u>114</u>	<u>74</u>
	<u>114</u>	<u>74</u>

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2020 £000s	2019 £000s
Current tax:		
UK corporation tax at 19% (2019: 19%)	1,249	651
Adjustment in respect of prior periods	<u>-</u>	<u>6</u>
Total current tax	<u>1,249</u>	<u>657</u>
Deferred Tax:		
Origination and reversal of timing differences	(99)	(11)
Adjustment in respect of prior periods	<u>(26)</u>	<u>(2)</u>
Total deferred tax	<u>(125)</u>	<u>(13)</u>
Tax on profit on ordinary activities	<u>1,124</u>	<u>644</u>

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**TAXATION INCLUDED IN TOTAL COMPREHENSIVE INCOME**

	2020 £000s	2019 £000s
Deferred tax:		
Total tax movement included in total comprehensive income	-	-

RECONCILIATION OF TAX CHARGE

The tax assessed on the profit on ordinary activities for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000s	2019 £000s
Profit on ordinary activities before taxation	<u>6,547</u>	<u>3,235</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	1,244	615
Effect of:		
Expenses not deductible for tax purposes	12	18
Provision tax adjustment	67	5
Depreciation in excess of capital allowances	7	(26)
Adjustment in respect of prior periods	-	6
Group relief	(39)	-
Timing differences in respect of pension scheme	(42)	39
Other timing differences	<u>(125)</u>	<u>(13)</u>
Tax charge for the year	<u>1,124</u>	<u>644</u>

Factors affecting future tax charges

The main rate of UK corporation tax remained at 19% throughout 2019. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

9 INTANGIBLE FIXED ASSETS

	Goodwill £000s
Cost	
At 1 January and 31 December 2020	<u>4</u>
Amortisation	
At 1 January and 31 December 2020	<u>4</u>
Net book value at 31 December 2020 and 31 December 2019	<u>-</u>

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

10 TANGIBLE FIXED ASSETS

	Plant and equipment £000s	Motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost					
At 1 January 2020	2,842	1,162	592	1,231	5,827
Additions	308	208	256	42	814
Transfers in	-	22	-	-	22
Transfers out	-	-	(2)	-	(2)
Disposals	(188)	(227)	(11)	(35)	(461)
At 31 December 2020	2,962	1,165	835	1,238	6,200
Depreciation					
At 1 January 2020	2,211	662	444	884	4,201
Charge for the year	317	222	74	116	729
Transfers in	-	5	-	-	5
Transfers out	-	-	(1)	-	(1)
Disposals	(187)	(217)	(10)	(35)	(449)
At 31 December 2020	2,341	672	507	965	4,485
Net book value at 31 December 2020	621	493	328	273	1,715
Net book value at 31 December 2019	631	500	148	347	1,626

Included within motor vehicles is £1,136,000 (2019: £1,122,000) and £484,000 (2019: £482,000) relating to cost and net book value relating to leased automobiles. The depreciation charged in respect of these assets during the year amounted to £212,000 (2019: £243,000).

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 INVESTMENTS

Shares in
subsidiary
undertakings
£000s

Cost and net book value at 31 December 2020 and 31 December 2019

-

The company owns, directly or indirectly, share capital of the companies listed below, all of which are incorporated in England and Wales.

Name	Activities	Ownership
K Supplies Holdings Limited	Dormant	100%
K Supplies Limited*	Dormant	100%
Decco Pension Trustees Limited	Dormant	100%

*By virtue of shares held in K Supplies Holdings Limited

The directors consider the value of the investments to be supported by their underlying assets.

All subsidiary companies are registered at the same address as the parent

12 STOCKS

	2020 £000s	2019 £000s
Finished goods	12,936	12,546

An impairment charge of £63,000 (2019: £2,000 reversal) was recognised in cost of sales during the year.

13 DEBTORS

	2020 £000s	2019 £000s
Trade debtors	11,974	9,662
Amounts owed by group undertakings	22,846	19,688
Deferred tax (see note 16)	351	226
Other debtors	803	1,663
Other taxation and social security	663	265
Prepayments and accrued income	487	748
	37,124	32,252

Amounts owed by group undertakings are unsecured, repayable on demand and interest bearing at a rate equal to 1.5% above the NatWest Bank Plc's base rate.

An impairment charge of £116,000 (2019: £109,000 charge) was recognised within trade debtors.

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000s	2019 £000s
Trade creditors	13,885	10,100
Amount owed to group undertakings	-	2
Corporation tax payable	14	264
Other creditors	14	98
Finance lease creditor (see note 21)	214	201
Accruals	4,056	1,927
Pension contributions	56	57
	<u>18,239</u>	<u>12,649</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest bearing at a rate of 1.5% above the NatWest Bank Plc's base rate.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £000s	2019 £000s
Finance lease creditor (see note 21)	<u>281</u>	<u>288</u>

16 DEFERRED TAXATION

	2020 £000s	2019 £000s
At the beginning of the year	226	213
Income statement movement arising during the year	99	11
Adjustments in respect of prior periods	<u>26</u>	<u>2</u>
At the end of the year	<u>351</u>	<u>226</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2020 £000s	2019 £000s
Capital allowances and depreciation	250	192
Other timing differences	<u>101</u>	<u>34</u>
Total provision for deferred tax (excluding pension scheme)	351	226
Deferred tax asset on pension scheme	<u>-</u>	<u>-</u>
Total provision for deferred tax (including pension scheme)	<u>351</u>	<u>226</u>

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 DEFERRED TAXATION (CONTINUED)

At 31 December 2020 the company had no capital losses (2019: Nil) available for future use. The company has not recognised any deferred tax asset in respect of this amount as the losses that may be used in the foreseeable future cannot be reliably estimated.

Factors affecting future tax charges

The main rate of UK corporation tax remained at 19% throughout 2020. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	2020 £000s	2019 £000s
Property dilapidations		
At the beginning of the year	1,490	1,449
Income statement charge	357	84
Amount utilised in year	(256)	(43)
At the end of the year	1,591	1,490

A provision has been made for the expected reinstatement costs for all leased properties. The settlement timing of these obligations is dependent upon the remaining lease terms.

18 SHARE CAPITAL

	2020 £000s	2019 £000s
Allotted, called up and fully paid		
58,040,000 ordinary shares of £1 each	58,040	58,040

19 CAPITAL COMMITMENTS

The company had capital commitments of £286,000 at 31 December 2020 (2019: £499,000) in respect of capital projects entered into but which had not been completed at the year end. All capital commitments related to property, plant and equipment.

20 CONTINGENT LIABILITIES

BANK CROSS GUARANTEE

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Deta Electrical Company Limited, Norbain Holdings Limited, Primaflow Limited, Ryness Electrical Supplies Limited, Stearn Electric Company Limited, UK Cables Limited, UK Electric Limited and UK Test Instruments Limited in favour of NatWest Bank Plc. The obligation under this guarantee at 31 December 2020 was £nil (2019: £nil).

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

20 CONTINGENT LIABILITIES (CONTINUED)

CONTINGENT CHARGE

Upon closing the defined benefit pension scheme to future accrual, the principal employers of the scheme came to an agreement with the Trustees to register a contingent charge over assets to protect members in the unlikely event of insolvency. This contingent charge will therefore only become non-contingent if the company becomes insolvent.

As at the date of signing these financial statements the directors consider the possibility of the charge becoming non-contingent as being remote. The obligation under this contingent charge, as at the date of signing of these financial statements is £nil (2019: £nil). The maximum amount recoverable under this charge is limited to £2,000,000 (2019: £2,000,000).

There were no other contingent liabilities at 31 December 2020 or at 31 December 2019.

21 LEASING COMMITMENTS

At the end of the year the company had future minimum lease payments under non-cancellable operating leases for:

	2020 £000s	2019 £000s
Land and buildings:		
Within one year	1,138	1,275
Within two to five years	2,324	3,047
After more than five years	-	167
	<u>3,462</u>	<u>4,489</u>

Finance leases:

The company's future minimum finance lease payments are as follows:

	2020 £000s	2019 £000s
Within one year	224	215
Within two to five years	<u>291</u>	<u>298</u>
	515	513
Less: finance charges included above	<u>(20)</u>	<u>(24)</u>
	<u>495</u>	<u>489</u>

Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

22 RELATED PARTY TRANSACTIONS

The company made approximately £0.1m sales (2019: £0.4m) to companies connected to certain shareholders of the group's ultimate parent undertaking. Further, there were related party charges from these related companies of £0.7m (2019: £0.7m) in respect of non-trading transactions and purchases of £0.7m (2019: £0.6m). In the opinion of the directors all transactions were at arm's length.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 PENSION ARRANGEMENTS

Defined contribution pension scheme

The company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in independently administered funds. Included within the pension cost charge are contributions payable by the company to the fund and amount to £826,000 for the year ended 31 December 2020 (2019: £808,000) as disclosed in note 6.

Contribution of £56,000 (2019: £57,000) were outstanding at the year end.

Defined benefit pension scheme

THE DECCO PENSION AND LIFE INSURANCE SCHEME 1980

In prior years, the company operated a defined benefit pension scheme, the Decco Pension and Life Insurance Scheme 1980, covering the majority of its employees. The scheme was of a defined benefit type with the assets being managed through separate trustee administered funds. With effect from January 2005 this scheme was closed for new employees. A defined contribution scheme was started for new employees from that date.

Under FRS 102 a surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contributions in the future or through refunds from the scheme. The company's scheme surpluses are not deemed recoverable and so an asset limit adjustment is applied to restrict the balance to zero.

The last full triennial actuarial valuation took place as at 31 March 2017, which was performed using the projected unit method.

The benefit obligations have been rolled-forward from the corresponding valuation for accounting purposes as at 31 December 2018 (which itself was based on a projection from the Scheme's 31 March 2018 statutory funding valuation as set out in the report dated 13 February 2019) to the year end measurement date allowing for interest on the liabilities, the actual benefits paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from investment returns, contributions, benefit payments and any administration expenses paid by the Scheme, has been in line with the assumptions made at the start of the year.

The valuation of the schemes' net position for the purpose of these financial statements has been based on these actuarial valuations, updated to 31 December 2020 by independent qualified actuaries. The major assumptions used were:

	2020	2019
	Per annum	Per annum
Rate of increase in salaries	3.05%	3.05%
Discount rate	1.40%	2.05%
Inflation assumption (RPI)	2.95%	3.00%
Inflation assumption (CPI)	2.45%	2.20%

The mortality assumptions used were as follows:

	2020	2019
	Years	Years
Member aged 65 (current life expectancy):		
- Men	24.0	23.6
- Women	25.8	25.6
Member aged 45 (life expectancy at age 65):		
- Men	25.7	25.4
- Women	27.6	27.5

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

23 PENSION ARRANGEMENTS (CONTINUED)

On 31 March 2011 the defined benefit pension scheme was closed to future accrual. This closure meant that assumptions regarding the future increases in average earnings were no longer appropriate as members' benefits, barring future inflationary increases, effectively crystallised at that date.

The assets in the scheme are:

	2020 £000s	2019 £000s	2018 £000s
Equities	18,045	17,405	15,880
Bonds	31,634	28,037	26,055
Properties	3,079	3,154	2,605
Cash	11,743	10,459	9,495
Total fair value of assets	64,501	59,055	54,035
Present value of scheme liabilities	(58,629)	(52,808)	(47,579)
Surplus/(deficit) in the scheme	5,872	6,247	6,456
Effect of asset limit	(5,872)	(6,247)	(6,456)
Net pension surplus/(deficit)	-	-	-

Movement in the surplus/(deficit) during the year

	Assets £000s	Liabilities £000s	Total £000s
At 1 January 2020	59,055	(52,808)	6,247
Interest income/(expense)	1,191	(1,065)	126
Employer contributions	500	-	500
Expenses paid from plan assets	(276)	-	(276)
Benefits paid	(1,683)	1,683	-
Effect of experience adjustments	-	846	846
Actuarial gain	5,714	(7,285)	(1,571)
At 31 December 2020	64,501	(58,629)	5,872
Effect of asset limit			(5,872)
At 31 December 2020 after the effect of asset limit			-

The return on plan assets during the year was a profit of £6,905,000 (2019: £7,070,000 profit).

It should be noted that a pension surplus or deficit calculated under FRS 102 represents an estimate at a point in time and is not necessarily indicative of the eventual funding position of a scheme.

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

23 PENSION ARRANGEMENTS (CONTINUED)**Analysis of amounts charged to other financial expense:**

	2020 £000s	2019 £000s
Loss on curtailments, changes and inductions	-	-
Net interest expense on pension scheme assets	(2)	(3)
Expenses paid from defined benefit pension scheme assets	(276)	(202)
	<u>(278)</u>	<u>(205)</u>

Analysis of amount recognised in total comprehensive income

	2020 £000s	2019 £000s
Actual return less interest income on pension scheme assets	5,714	5,559
Changes in assumptions underlying the present value of the scheme liabilities	(7,285)	(5,871)
Changes in experience underlying the present value of the scheme liabilities	846	124
	<u>(725)</u>	<u>(188)</u>
Effect of pension scheme asset limit adjustment	503	393
Actuarial (loss)/gain recognised after effect of asset limit	<u>(222)</u>	<u>205</u>

Other non-group scheme

Certain employees of the company are members of a defined benefit scheme operated by a non-group company. The assets of the scheme are managed through a separate trustee administered fund. The scheme was closed to future accrual at 31 March 2011.

The company's liability for this scheme was crystallised during 2015.

24 ULTIMATE PARENT COMPANY

The ultimate parent company is Newbury Investments BV, incorporated in the Netherlands. The smallest and largest group in which the results of the company are consolidated is that headed by Newbury Investments (UK) Limited, a company incorporated in England and Wales. A copy of these financial statements may be obtained from Companies House. The immediate parent company is Newbury Investments (UK) Limited, registered address Votec House, Hambridge Lane, Newbury, Berkshire, RG14 5TN.