

I.D.C. (Holdings) Limited

Unaudited Report and Financial Statements

Year Ended

31 October 2019

Company Number: 00499824

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I.D.C. (Holdings) Limited

**Report and Financial Statements
for the year ended 31 October 2019**

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Directors

**G C M Leggett
S C Taylor**

Secretary and registered office

G C M Leggett, 86 Hatton Garden, London, EC1N 8QQ

Company number

00499824

I.D.C. (Holdings) Limited

Directors' report for the year ended 31 October 2019

Directors

The directors of the Company during the year were:

G C M Leggett
S C Taylor

Dividends

Interim dividends were paid during the year amounting to £270,000 (2018 - £360,000). There were no dividends proposed at the reporting date (2018 - £nil) and no final dividend will be paid.

Principal activities and future developments

The Company's principal activity is the dealing in and distribution of industrial quality diamonds, the directors do not foresee the nature of the Company's business changing in the near future.

The directors have closely monitored the impact of COVID-19 on the Company's short and medium-term business prospects paying close attention to profitability levels, risks in relation to irrecoverable debts, valuation of stocks and the appropriateness of the going concern basis. The directors believe that, whilst COVID-19 has impacted performance, the Company has sufficient financial resources to operate for the foreseeable future. The directors believe that, although trading has been slower since COVID-19, performance has been acceptable and the general economic climate will recover albeit relatively slowly and the performance of the Company will follow this recovery.

Further the directors have considered the potential effects of the UK leaving the EU without replacement trade arrangements being formalised before the end of the proposed transition period in December 2020, the directors have concluded that this should not have a material impact on the Company's future trading prospects other than in the short-term. The short-term considerations include but are not limited to; difficulties moving goods through customs procedures and the UK having to re-join the Kimberley Certification Scheme as the existing membership of this scheme is via membership of the EU. The directors believe that these difficulties are unlikely to persist in other than the first few months after exit but would stress that there can be no certainty in this respect.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Company's directors.

Charitable donations and political contributions

During the year the Company made charitable donations of £350 (2018 - £nil). There were no political contributions made in either year.

Post balance sheet events

Material post balance sheet events are disclosed in note 21 of the financial statements.

I.D.C. (Holdings) Limited

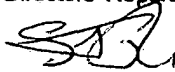
Directors' report (*continued*)
for the year ended 31 October 2019

Small companies

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

Approval

This Directors' Report was approved by order of the Board on 28/10/2020



S C Taylor, Director

I.D.C. (Holdings) Limited

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the Directors' report and the unaudited 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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and 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.

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

I.D.C. (Holdings) Limited

Independent review report

INDEPENDENT REVIEW REPORT ON THE UNAUDITED FINANCIAL STATEMENTS OF I.D.C. (HOLDINGS) LIMITED

To the Board of Directors of I.D.C. (Holdings) Limited

We have reviewed the financial statements of I.D.C. (Holdings) Limited ('the company') for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

Directors' Responsibilities for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice 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.

Our Responsibility

Our responsibility is to express an independent conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements 2400 (Revised), Engagements to review historical financial statements (ISRE 2400) and ICAEW Technical Release TECH 09/13AAF Assurance review engagements on historical financial statements. ISRE 2400 also requires us to comply with the ICAEW Code of Ethics.

Scope of the Assurance Review

Our review was based primarily upon enquiry, analytical procedures and assessing whether accounting policies are in accordance with United Kingdom Generally Accepted Accounting Practice. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its results for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

I.D.C. (Holdings) Limited

Independent review report (continued)

Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 1 September 2020. Our review has been undertaken so that we might state to the company's directors those matters we have agreed with them in our engagement letter 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 directors as a body, for our work, for this report, or for the conclusions we have formed.

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BDO LLP

Chartered Accountants

Location

UK

Date 28 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

I.D.C. (Holdings) Limited

Statement of comprehensive income for the year ended 31 October 2019

	Note	2019 £	2018 £
Turnover	3	4,259,715	3,629,877
Cost of sales		(3,182,861)	(2,528,875)
Gross profit		1,076,854	1,101,002
Administrative expenses		(1,021,220)	(926,952)
Other operating income and expenditure	7	185,151	57,743
Operating profit	4	240,785	231,793
Other interest receivable and similar income		34	20
Interest payable and similar charges		(72)	(1,379)
Other finance income/(costs)		12,840	(8,658)
Profit on ordinary activities before taxation		253,587	221,776
Taxation on profit on ordinary activities	8	(44,047)	(36,837)
Profit for the financial year		209,540	184,939
Other Comprehensive Income			
Currency translation differences		(32,081)	197,803
Total comprehensive income for the year		177,459	382,742

The notes on page 9 to 20 form part of these financial statements.

I.D.C. (Holdings) Limited

Balance sheet at 31 October 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	10		36,107		34,212
Investments	11		1,373		1,384
			<u>37,480</u>		<u>35,596</u>
Current assets					
Stocks	12	3,451,301		3,862,483	
Debtors	13	748,389		906,828	
Cash at bank and in hand		824,236		386,724	
		<u>5,023,926</u>		<u>5,156,035</u>	
Creditors: amounts falling due within one year	14	(80,496)		(118,180)	
Net current assets			<u>4,943,430</u>		<u>5,037,855</u>
Net assets			<u>4,980,910</u>		<u>5,073,451</u>
Capital and reserves					
Called up share capital	16		900,000		900,000
Capital redemption reserve	17		2,805,197		2,805,197
Profit and loss account	17		1,275,713		1,368,254
Total capital and reserves			<u>4,980,910</u>		<u>5,073,451</u>

For the financial year in question the Company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 28/10/2020 by



S C Taylor
Director

I.D.C. (Holdings) Limited registered number 00499824

The notes on page 9 to 20 form part of these financial statements.

I.D.C. (Holdings) Limited

Statement of changes in equity For the year ended 31 October 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 November 2017	900,000	2,805,197	1,345,512	5,050,709
Comprehensive income for the year				
Profit for the year	-	-	184,939	184,939
Currency translation differences	-	-	197,803	197,803
Other comprehensive income for the year	-	-	197,803	197,803
Total comprehensive income for the year	-	-	382,742	382,742
Transactions with owners:				
Dividends paid (note 9)	-	-	(360,000)	(360,000)
Total transactions with owners	-	-	(360,000)	(360,000)
31 October 2018	900,000	2,805,197	1,368,254	5,073,451
Comprehensive income for the year				
Profit for the year	-	-	209,540	209,540
Currency translation differences	-	-	(32,081)	(32,081)
Other comprehensive income for the year	-	-	(32,081)	(32,081)
Total comprehensive income for the year	-	-	177,459	177,459
Transactions with owners:				
Dividends paid (note 9)	-	-	(270,000)	(270,000)
Total transactions with owners	-	-	(270,000)	(270,000)
31 October 2019	900,000	2,805,197	1,275,713	4,980,910

The notes on page 9 to 20 form part of these financial statements.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 October 2019

1 Accounting policies

I.D.C. (Holdings) Limited is a private limited company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

Going Concern

After consideration of the impacts of COVID-19 on the Company's business, the directors have continued to prepare these financial statements on the going concern basis. The Company has adequate financial resources to, in the opinion of the directors, continue to trade for the foreseeable future. Further, the directors have reviewed trading patterns and performance since the start of the pandemic, and they believe these to be supportive of the going concern basis of preparation.

Revenue

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed.

Tangible fixed assets

Tangible fixed assets 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods and useful lives set out below:

Plant and machinery	-	10% to 25% per annum straight line
Fixtures, fittings and equipment	-	10-25% per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income and expenditure' in the statement of comprehensive income.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

1 Accounting policies (continued)

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. For the majority of the components of stock, cost is based on the cost of purchase on a first in, first out basis. However, there are some components of stock where, due to practical considerations and the nature of the stock item, average costing is used as this is considered to more accurately reflect the cost of goods sold. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). Management consider the US Dollar ("USD" or "US\$") to be the functional currency as the Company makes most of its sales and purchases of goods in US Dollars.

The financial statements are presented in British Pounds (Sterling", "£" or "GBP"), which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All assets and liabilities are converted from the functional currency to the presentation currency at the closing date for each balance sheet presented. Income and expenses within the combined statement of comprehensive income are translated at exchange rates prevailing at the date of the transaction. All resulting exchange differences are recognised as currency translation differences within other comprehensive income.

Foreign exchange gains and losses (other than those relating to cash and cash equivalents) are presented in profit or loss within 'other operating income and expenditure'.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 October 2019 (continued)

1 Accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income 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 reporting date in the United Kingdom.

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

- 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, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

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

Leased assets: Lessee

The Company has entered into operating leases with annual rentals being charged to profit or loss on a straight-line basis over the term of the lease.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determining whether there are indicators of impairment of the Company's stock of industrial diamonds. Factors taken into consideration in reaching such a decision include expected sales values, expected sales volumes by reference to recent trading patterns and the ability and cost of converting slow moving lines of stock into faster moving lines.
- Determining the recoverability of trade debtor assets. Factors taken into consideration by management include whether an amount is overdue and by how long and also the timing of previous payments by the relevant client.

3 Analysis of Turnover

Turnover is wholly attributable to the principal activity of the Company. The analysis of turnover by geographical market required by paragraph 68 of SI 2012 No 410 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interest of the Company.

4 Operating profit

	2019 £	2018 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets (see note 10)	3,969	6,616
Fees payable to the Company's former auditor for:		
Audit of prior year annual accounts	8,000	20,000
Tax services	6,500	6,500
Other services	17,000	-
Exchange differences (see note 7)	10,889	29,257
Impairment of stock (see note 12)	93,411	54,430
Defined contribution pension cost (see note 5)	36,161	29,859
	<hr/>	<hr/>

5 Employees

	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	632,199	564,854
Social security costs	75,586	62,156
Cost of defined contribution scheme	36,161	29,859
Other staff benefits	9,644	8,950
	<hr/>	<hr/>
	753,590	665,819
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I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

5 Employees (continued)

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Buying and selling	2	2
Technical	3	3
Administration	3	4
Management	1	1
Domestic and maintenance	1	1
	<u>10</u>	<u>11</u>

The Company makes pension contributions to the personal pension schemes of certain employees. The pension charge represents contributions payable by the Company to those funds and amounted to £36,161 (2018 - £29,859). Contributions amounting to £1,842 (2018 - £1,337) were payable to the fund and are included in creditors.

6 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	179,937	132,444
Company contributions to money purchase pension schemes	<u>7,889</u>	<u>10,873</u>

Pension contributions were made to the private pension arrangements of one director during the year (2018 - one director).

Emoluments of the highest paid director were £182,826 (2018 - £138,317). Company pension contributions amounting to £7,889 were made on his behalf during the year (2018 - £10,873).

7 Other operating income and expenditure

	2019 £	2018 £
Management fees received from related party	196,040	87,000
Foreign exchange losses excluding those in respect of cash and cash equivalents	<u>(10,889)</u>	<u>(29,257)</u>
	<u>185,151</u>	<u>57,743</u>

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

8 Taxation on profit on ordinary activities

	2019 £	2019 £	2018 £	2018 £
<i>UK corporation tax</i>				
Current tax on profit for the year		-		-
Adjustment in respect of previous periods		-		-
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences (see note 15)	44,047		36,837	
Changes to tax rates	-		-	
		44,047		36,837
Taxation charge on profit on ordinary activities		44,047		36,837

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK applied to profit or loss before tax. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	253,587	221,776
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	48,182	42,137
Effects of:		
Expenses not deductible for tax purposes	597	471
Difference between depreciation and capital allowances	(728)	526
Deferred tax (see note 15)	44,047	36,837
Taxable profits relieved against historic tax losses	(48,051)	(43,134)
Total tax charge for period	44,047	36,837

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

9 Dividends

	2019 £	2018 £
Interim dividends paid:		
First interim dividend of £0.20 (2018: £0.20) per share paid on 31 January 2019 (2018: 12 March 2018)	180,000	180,000
Second interim dividend of £0.10 (2018: £0.20) per share paid on 28 October 2019 (2018: 15 October 2018)	90,000	180,000
Total dividends paid in the year	270,000	360,000

10 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 31 October 2018	263,839	735,510	999,349
Additions	-	6,130	6,130
Exchange adjustments	(2,045)	(5,702)	(7,747)
At 31 October 2019	261,794	735,938	997,732
<i>Depreciation</i>			
At 31 October 2018	254,916	710,221	965,137
Provision for year	2,377	1,592	3,969
Exchange adjustments	(1,976)	(5,505)	(7,481)
At 31 October 2019	255,317	706,308	961,625
<i>Net book value</i>			
At 31 October 2019	6,477	29,630	36,107
At 31 October 2018	8,923	25,289	34,212

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

11 Fixed asset investments	£
<i>Cost</i>	
At 1 November 2017	1,332
Exchange adjustments	52
	<hr/>
At 31 October 2018	1,384
Exchange adjustments	(11)
	<hr/>
At 31 October 2019	1,373
	<hr/>

The Company's subsidiary undertakings at the year-end are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Industrial Diamond Company Limited	England and Wales	100%	Dormant
Lunzers Limited	England and Wales	100%	Dormant

The aggregate amount of capital and reserves at each balance sheet date for the Industrial Diamond Company Limited was £100 and for Lunzers Limited was £1,990. The registered office address of both subsidiaries is 86 Hatton Garden, London, EC1N 8QQ.

12 Stocks	2019	2018
	£	£
Finished goods and goods for resale	3,451,301	3,862,483
	<hr/>	<hr/>

At 31 October 2019, an impairment of the value of stock was recognised amounting to £93,411 (2018: £54,430). This was in relation to stock that was either slow-moving in nature or had become obsolete, this cost is included within cost of sales within the statement of comprehensive income.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

13 Debtors

	2019 £	2018 £
Trade debtors	645,864	716,880
Amounts owed by related company	1,527	596
Other debtors	6,120	5,639
Prepayments and accrued income	32,347	77,135
Deferred tax (see note 15)	62,531	106,578
	<u>748,389</u>	<u>906,828</u>

The deferred tax asset includes £43,000 (2018 - £69,000) that is expected to be realised in greater than one year. Financial assets measured at amortised cost above comprise of trade debtors, amounts owed by related companies and other debtors.

The impairment loss recognised in profit or loss for the period in respect of bad and doubtful debtors was £6,914 (2018 - £1,058).

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	41,540	49,028
Amounts owed to subsidiary undertakings	2,090	2,090
Taxation and social security	-	24,281
Other creditors	2,310	1,931
Accruals and deferred income	34,556	40,850
	<u>80,496</u>	<u>118,180</u>

There is an undrawn bank overdraft facility which is secured by a floating charge over the assets of the Company and a charge over the property owned by a related company (see note 20). Financial liabilities measured at amortised cost above comprise of trade creditors, amounts owed by subsidiary undertakings, other creditors and taxation and social security amounts due.

15 Deferred tax asset

	2019 £	2018 £
At beginning of year	106,578	143,415
Charged to profit or loss	(44,047)	(36,837)
	<u>62,531</u>	<u>106,578</u>
At end of year	62,531	106,578

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

15 Deferred tax asset (continued)

The Company has recognised a deferred tax asset amounting to £62,531 at 31 October 2019 (2018: £106,578) in respect of unrelieved tax losses in the United Kingdom when measured at the substantially enacted tax rate of 17% prevailing at that date (2018: 17%). The directors believe that recognition continues to be appropriate as they expect the Company to generate sufficient future taxable profits to offset in full against the previous losses.

After the reporting period government pronouncements have indicated that the substantially enacted tax rate of 17% is likely to increase to the current prevailing UK Corporation tax rate of 19%. This would increase the deferred tax asset by £7,357.

16 Share capital

	2019 £	2018 £
Authorised share capital		
Equity share capital		
2,500,000 ordinary shares of £1 each	2,500,000	2,500,000
Non-equity share capital		
5,699,850 5% convertible cumulative redeemable preference shares of S.Fr1 each	2,255,058	2,255,058
100,000 "A" ordinary non-voting shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
Equity share capital		
900,000 ordinary shares of £1 each	900,000	900,000

17 Reserves

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments. A proportion of the balance is due to unrealised foreign exchange gains on the translation of USD denominated assets and is therefore non-distributable. At 31 October 2019 the distributable part of the balance amounted to £332,968 (2018: £389,339).

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital.

18 Contingent liabilities

The Company is party to a capped £848,000 inter-company guarantee arrangement (2018: capped £848,000 guarantee arrangement) with Fairport (Investments) Limited in relation to the bank borrowings of that company. At 31 October 2019, the bank borrowings of Fairport (Investments) Limited were £nil (2018: £nil).

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)

19 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2019 £	2018 £
Land and buildings		
Not later than 1 year	75,000	75,000
Later than 1 year and not later than 5 years	37,500	112,500
Later than 5 years	-	-
	<hr/>	<hr/>
Total	112,500	187,500
	<hr/>	<hr/>

20 Related party disclosures

There is no ultimate controlling party of I.D.C. (Holdings) Limited.

The Company entered into the following transactions with related parties during the year:

- i) The Company is owed £1,527 by Fairport (Investments) Limited, a company that is related by virtue of common shareholders and directors, at 31 October 2019 (2018 - £596) (see note 13).
- ii) Fairport (Investments) Limited have provided land and buildings owned by itself as security for a third party legal charge on behalf of I.D.C. (Holdings) Limited (see note 14).
- iii) The Company leases premises from Fairport (Investments) Limited for an annual rental of £75,000 under a lease with final expiry on 30 April 2024 but with a break clause exercisable by either party on 30 April 2021. During the year ended 31 October 2019 the Company paid rent to Fairport (Investments) Limited of £75,000 (2018 - £75,000). Under the agreement, service charges are also payable and in the year ended 31 October 2019 these amounted to £8,620 (2018 - £8,557).
- iv) The Company is party to an unlimited inter-company guarantee arrangement with Fairport (Investments) Limited in relation to the bank borrowings of I.D.C. (Holdings) Limited.
- v) The Company received £196,040 (2018 - £87,000) in property management fees from Fairport (Investments) Limited. These are disclosed in note 7 as other operating income.

The key management personnel of the Company comprise the members of the Board of Directors and further staff members involved in the management and operation of the Company. The key management compensation is as follows:

	2019 £	2018 £
Short-term employee benefits	413,205	295,261
Post-employment employee benefits	19,732	19,320
	<hr/>	<hr/>
Total key management compensation	432,937	314,581
	<hr/>	<hr/>

I.D.C. (Holdings) Limited

**Notes forming part of the financial statements
for the year ended 31 October 2019 (continued)**

21 Post balance sheet events

In March 2020 the World Health Organisation declared the COVID-19 Coronavirus to be a global pandemic. The outbreak and unprecedented spread of the COVID-19 pandemic across the world has had a profound impact on local and global markets and is expected to continue to shape the economic landscape for the immediate future. The directors continue to monitor the impact of unfolding events in order to respond swiftly to any consequential impacts on the business. Note 1 to these financial statements discloses the impact of the pandemic on the going concern assessment.

The impact of COVID-19 only became apparent after the balance sheet date and represents a non-adjusting post balance sheet event. At the current time the pandemic is ongoing and so the directors are unable to forecast its financial consequences as it can not be quantified at this time.