

I.D.C. (Holdings) Limited

Unaudited Report and Financial Statements

Year Ended

31 October 2021

Company Number: 00499824

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I.D.C. (Holdings) Limited

Report and Financial Statements for the year ended 31 October 2021

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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 2021

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 £nil (2020 - £nil). There were no dividends proposed at the reporting date (2020 - £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 believe that the business has shown resilience during the COVID pandemic and that the Company will continue to trade profitably.

The directors note the importance of Russian mined industrial diamonds and the potential for supply shortfalls as a result of sanctions arising from the ongoing Russia-Ukraine conflict. The Company has alternative supplier chains and the directors are confident that the Company can continue to supply its customers.

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 £700 (2020 - £nil). There were no political contributions made in either year.

Post balance sheet events

In January 2022 the directors proposed, and the shareholders resolved, to return £1.2m of the Capital redemption reserve to the holders of ordinary shares. The cash resources were generated by a policy of reducing stock levels and the transaction was undertaken as a return of capital due to the lack of sufficient distributable reserves (note 16).

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 28/7/22



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 2021 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 2021 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 12 January 2022. 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.

DocuSigned by:

BDO LLP

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BDO LLP

Chartered Accountants

London

UK

Date 29 July 2022

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 2021

	Note	2021 £	2020 £
Turnover	3	2,827,175	1,978,450
Cost of sales		(1,842,591)	(1,283,950)
Gross profit		984,584	694,500
Administrative expenses		(877,633)	(873,745)
Other operating income and expenditure	7	130,677	127,253
Operating profit/(loss)	4	237,628	(51,992)
Other interest receivable and similar income		-	89
Other finance income		28,960	542
Profit/(loss) on ordinary activities before taxation		266,588	(51,361)
Taxation on profit/(loss) on ordinary activities	8	(19,983)	(11,230)
Profit/(loss) for the financial year		246,605	(62,591)
Other Comprehensive Income			
Currency translation differences		(290,138)	(1,011)
Total comprehensive (loss) for the year		(43,533)	(63,602)

The notes on page 8 to 18 form part of these financial statements.

I.D.C. (Holdings) Limited

Balance sheet at 31 October 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		28,204		34,655
Investments	10		1,293		1,373
			<u>29,497</u>		<u>36,028</u>
Current assets					
Stocks	11	2,353,993		3,239,937	
Debtors	12	670,683		477,534	
Cash at bank and in hand		1,897,974		1,219,651	
		<u>4,922,650</u>		<u>4,937,122</u>	
Creditors: amounts falling due within one year	13	(78,372)		(55,842)	
Net current assets			<u>4,844,278</u>		<u>4,881,280</u>
Net assets			<u>4,873,775</u>		<u>4,917,308</u>
Capital and reserves					
Called up share capital	15		900,000		900,000
Capital redemption reserve	16		2,805,197		2,805,197
Profit and loss account	16		1,168,578		1,212,111
Total capital and reserves			<u>4,873,775</u>		<u>4,917,308</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 28/7/22 by



S C Taylor
Director

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

The notes on page 8 to 18 form part of these financial statements.

I.D.C. (Holdings) Limited

Statement of changes in equity For the year ended 31 October 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 November 2019	900,000	2,805,197	1,275,713	4,980,910
Comprehensive income for the year				
Loss for the year	-	-	(62,591)	(62,591)
Currency translation differences	-	-	(1,011)	(1,011)
Other comprehensive loss for the year	-	-	(1,011)	(1,011)
Total comprehensive loss for the year	-	-	(63,602)	(63,602)
Transactions with owners:				
Dividends paid	-	-	-	-
Total transactions with owners	-	-	-	-
31 October 2020	900,000	2,805,197	1,212,111	4,917,308
Comprehensive income for the year				
Profit for the year	-	-	246,605	246,605
Currency translation differences	-	-	(290,138)	(290,138)
Other comprehensive loss for the year	-	-	(290,138)	(290,138)
Total comprehensive loss for the year	-	-	(43,533)	(43,533)
Transactions with owners:				
Dividends paid	-	-	-	-
Total transactions with owners	-	-	-	-
31 October 2021	900,000	2,805,197	1,168,578	4,873,775

The notes on page 8 to 18 form part of these financial statements.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 October 2021

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

The directors continue to monitor the implications of COVID-19 on the Company's business and, having prepared a cash flow forecast for the period to 31 October 2023, consider the going concern basis to be the correct basis for the preparation of these financial statements.

In coming to this conclusion the directors have also considered the impact of the Russia-Ukraine conflict and (a) its potential effects on the supplies of industrial diamonds, and (b) its effect on global inflation and growth levels.

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 20% per annum straight line
Fixtures, fittings and equipment	-	10% to 20% 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 2021 (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'.

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.

I.D.C. (Holdings) Limited

**Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)**

1 Accounting policies (continued)

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.

Government grants

Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. In the year to October 2021 an amount of £20,915 (2020: £9,772) was recognised with respect to government grants on furlough payments. This has been disclosed as other operating income in the note 7 to these accounts.

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (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/(loss)

	2021 £	2020 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets (see note 9)	5,348	5,906
Fees payable to the Company's independent reviewer for:		
Independent review report of financial statements	14,375	9,009
Tax services	7,850	5,900
Other services	-	5,775
Exchange differences (see note 7)	(4,762)	(2,481)
Impairment of stock (see note 11)	69,873	122,242
Defined contribution pension cost (see note 5)	44,017	37,300
	<u> </u>	<u> </u>

5 Employees

	2021 £	2020 £
Staff costs (including directors) consist of:		
Wages and salaries	542,072	540,096
Social security costs	48,378	60,566
Cost of defined contribution scheme	44,017	37,300
Other staff benefits	9,933	9,806
	<u> </u>	<u> </u>
	644,400	647,768

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

5 Employees (continued)

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

	2021 Number	2020 Number
Buying and selling	2	2
Technical	3	3
Administration	2	3
Management	1	1
Domestic and maintenance	1	1
	<u>9</u>	<u>10</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 £44,017 (2020 - £37,300). Contributions amounting to £2,428 (2020 - £1,842) were payable to the fund and are included in creditors.

6 Directors' remuneration

	2021 £	2020 £
Directors' emoluments	157,565	155,142
Company contributions to money purchase pension schemes	<u>12,350</u>	<u>10,400</u>

Pension contributions were made to the private pension arrangements of one director during the year (2020 - one director).

Emoluments of the highest paid director were £147,565 (2020 - £145,142). Company pension contributions amounting to £12,350 were made on his behalf during the year (2020 - £10,400).

7 Other operating income and expenditure

	2021 £	2020 £
Management fees received from related party	105,000	115,000
Government grants received under UK furlough scheme	20,915	9,772
Foreign exchange gains excluding those in respect of cash and cash equivalents	<u>4,762</u>	<u>2,481</u>
	<u>130,677</u>	<u>127,253</u>

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

8 Taxation on profit/(loss) on ordinary activities

	2021 £	2021 £	2020 £	2020 £
<i>UK corporation tax</i>				
Current tax on profit/(loss) for the year		-		-
Adjustment in respect of previous periods		-		-
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences (see note 14)	19,983		19,476	
Changes to tax rates	-		(8,246)	
				11,230
Taxation charge on profit/(loss) on ordinary activities		19,983		11,230

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK applied to profit or loss before tax. The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	266,588	(51,361)
Tax on profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	50,652	(9,759)
Effects of:		
Expenses not deductible for tax purposes	10	1,346
Difference between depreciation and capital allowances	693	48
Other timing differences	132	-
Deferred tax (see note 14)	19,983	11,230
(Taxable profits relieved against)/taxable losses added to historic tax losses	(51,487)	8,365
Total tax charge for period	19,983	11,230

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (*continued*)

9 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 31 October 2020	261,794	740,392	1,002,186
Additions	-	814	814
Exchange adjustments	(15,286)	(43,235)	(58,521)
At 31 October 2021	246,508	697,971	944,479
<i>Depreciation</i>			
At 31 October 2020	257,655	709,876	967,531
Provision for year	2,083	3,265	5,348
Exchange adjustments	(15,117)	(41,487)	(56,604)
At 31 October 2021	244,621	671,654	916,275
<i>Net book value</i>			
At 31 October 2021	1,887	26,317	28,204
At 31 October 2020	4,139	30,516	34,655

10 Fixed asset investments

	£
<i>Cost</i>	
At 1 November 2019	1,373
Exchange adjustments	-
At 31 October 2020	1,373
Exchange adjustments	(80)
At 31 October 2021	1,293

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

10 Fixed asset investments (continued)

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.

11 Stocks

	2021 £	2020 £
Finished goods and goods for resale	2,353,993	3,239,937

At 31 October 2021, a net impairment of the value of stock was recognised amounting to £69,873 (2020: £122,242). This consisted of £78,668 of newly impaired stock and a reversal of £8,795 in relation to previously impaired stock where the conditions for impairment have reversed. The impairment at 31 October 2020 related entirely to newly impaired stock.

These impairment movements were 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.

12 Debtors

	2021 £	2020 £
Trade debtors	603,920	386,787
Amounts owed by related company (see note 19)	2,992	1,188
Other debtors	645	1,863
Prepayments and accrued income	31,808	36,395
Deferred tax (see note 14)	31,318	51,301
	670,683	477,534

The deferred tax asset includes £5,019 (2020 - £17,100) 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.

A previous impairment loss recognised in profit or loss in respect of bad and doubtful debtors amounting to £310 was reversed in the period as it was recovered (2020 - £5,500 new impairment loss recognised).

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	44,812	29,473
Amounts owed to subsidiary undertakings	2,090	2,090
Other creditors	5,139	2,310
Accruals and deferred income	26,331	21,969
	<u>78,372</u>	<u>55,842</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 19).

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.

14 Deferred tax asset

	2021 £	2020 £
At beginning of year	51,301	62,531
Charged to profit or loss (see note 8)	(19,983)	(11,230)
	<u>31,318</u>	<u>51,301</u>
At end of year	31,318	51,301

The Company has recognised a deferred tax asset amounting to £31,318 at 31 October 2021 (2020: £51,301) in respect of a proportion of the unrelieved tax losses in the United Kingdom when measured at the substantially enacted tax rate of 25% (2020: 19%).

The directors believe that recognition of this asset continues to be appropriate as they expect the Company to generate sufficient future taxable profits to offset in full against the previous losses.

The Company has no unrecognised deferred tax asset at 31 October 2021 (2020: £27,029 unrecognised deferred tax asset).

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

15 Share capital

	2021 £	2020 £
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

16 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 2021 the distributable part of the balance amounted to £497,603 (2020; £268,065).

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital. A partial return of this reserve was made in January 2022 amounting to £1.2m as disclosed in note 20.

17 Contingent liabilities

The Company is party to a capped £848,000 inter-company guarantee arrangement (2020; capped £848,000 guarantee arrangement) with Fairport (Investments) Limited in relation to the bank borrowings of that company. At 31 October 2021, the bank borrowings of Fairport (Investments) Limited were £nil (2020: £nil).

18 Commitments under operating leases

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

	2021 £	2020 £
Land and buildings		
Not later than 1 year	95,000	37,500
Later than 1 year and not later than 5 years	142,500	-
Later than 5 years	-	-
Total	237,500	37,500

I.D.C. (Holdings) Limited

Notes forming part of the financial statements
for the year ended 31 October 2021 (continued)

19 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 £2,992 by Fairport (Investments) Limited, a company that is related by virtue of common shareholders and directors, at 31 October 2021 (2020 - £1,188 owed by Fairport (Investments) Limited) (see note 12).
- 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 13).
- iii) The Company leases premises from Fairport (Investments) Limited for an annual rental which increased from £75,000 to £95,000 as part of a rent review on 30 April 2021 (2020 - £75,000 for the full year) under a lease with final expiry on 30 April 2024. Including the effect of rent rebates granted to the Company due to the COVID pandemic, during the year ended 31 October 2021 the Company paid rent to Fairport (Investments) Limited of £78,163 (2020 - £68,437).

Under the agreement, service charges are also payable and in the year ended 31 October 2021 these amounted to £12,183 (2020 - £6,547).

- 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 £105,000 (2020 - £115,000) 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:

	2021 £	2020 £
Short-term employee benefits	344,889	339,903
Post-employment employee benefits	26,160	23,040
Total key management compensation	371,049	362,943

20 Post balance sheet events

In January 2022 the directors proposed and the shareholders resolved to return £1.2m of the Capital redemption reserve to the holders of ordinary shares. The cash resources built up due to a policy of reducing stock levels and the transaction was undertaken as a return of capital due to the lack of sufficient distributable reserves (note 16).