

# REGISTRAR

Registered number: 00502663

**MELLER DESIGNS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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**MELLER DESIGNS LIMITED**

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**MELLER DESIGNS LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	J C McGrath ACMA
<b>Company secretary</b>	J Curtis FCA
<b>Registered number</b>	00502663
<b>Registered office</b>	Unit H Bedford Business Centre Mile Road Bedford MK42 9TW
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

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## **MELLER DESIGNS LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Introduction**

The director presents the Strategic Report of Meller Designs Limited ("the Company") for the year ended 31 December 2019.

#### **Business review**

The Company's historical principal activity has been wholesaling own label fashion accessories to Retailers in the UK and USA. The Company has now expanded these activities using the experience and expertise of its Far East Office in sourcing, testing and quality control to supply PPE during the Covid-19 Pandemic.

Turnover reduced by 7% to £12.8 million (2018: £13.7 million) reflecting the difficult trading environment. Operating profits remained at £0.2 million (2018: £0.2 million) with reduction in Gross profit being offset by Cost savings.

#### **Objectives of the Company**

The Company's main objectives are for growth in sales and profitability. This will be achieved by building on the success of existing ranges with its current customers whilst seeking to expand into new markets and build relationships with new customers.

#### **Markets**

The Company's primary markets are mens and ladies accessories and fashion jewellery.

#### **Performance**

Sales performance remains satisfactory despite the tough trading conditions. Business lost has been replaced with customers appreciating high levels of innovative design and quality.

#### **Internal cost monitoring**

The Company has a clear focus on efficient cost management and has a long-term efficiency program in place to effectively manage cost. Where appropriate the Company has improved sourcing and made internal cost savings to reduce costs and preserve margins.

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## **MELLER DESIGNS LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Principal risks and uncertainties**

The Company operates in a competitive market place and there are a number of risks managed by the business as follows:

##### **Market risk**

Sales in luxury items will continue to be impacted by reductions in disposable income and any further downturn in the UK economy may impact results. The profitability of many UK retailers is currently under pressure due to decline in consumer confidence and a need for structural changes as less business is transacted on the high street and more is online. The Company regularly reviews the creditworthiness of its Customers and utilises credit insurance to protect itself from any potential losses as a consequence of Customer failures.

##### **Global economy risk**

The majority of the Company's sales are made on a FOB basis therefore any potential additional duties / tariffs as a consequence of Brexit will be the responsibility of its Customers.

##### **Covid -19**

The World has suffered a Global Pandemic during 2020. The Company has successfully adapted its ways of working in order to keep its staff safe while continuing to provide the highest level of Customer service. The Pandemic has had a notable effect on the Retail environment and demand is forecast to be down in 2020.

With many years' experience of sourcing, testing and quality control of a wide range of products, the Company approached the UK Government in March 2020 and offered to supply PPE for the NHS and other essential public services. The Group is extremely proud of the role it played at the height of the COVID-19 crisis and managed to secure more than 100 million items of PPE – including masks, sanitiser, coveralls and gloves direct from the manufacturers – at a time when they were most needed.

##### **Foreign exchange risk**

The Company's activities expose it to the financial risk of changes in foreign currency, principally the US dollar. The Company manages these risks by using hedging techniques and natural hedging where deemed appropriate.

The Company does not use derivative financial instruments for speculative purposes.

##### **Raw material price risk**

The business has diversified risk where possible through using a variety of suppliers and, where practical, securing required raw materials in advance.

##### **Liquidity risk**

The Company actively manages its working capital to ensure the Company has sufficient available funds for operations and planned expansion.

#### **Financial key performance indicators**

Gross margin reduced to 16.94% (2018 - 19%) due to continued price pressures. Profit before tax remains at £0.2m (2018 - £0.2m) reflecting the fact that the full impact of the reduction in Gross profit could not be fully offset by cost savings in overheads.

#### **Other key performance indicators**

Sales per employee increased to £475,326 (2018 - £416,102) showing the benefit of the Company restructure that took place in late 2018.

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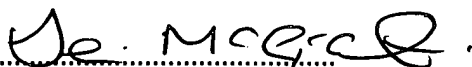
**MELLER DESIGNS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

  
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J C McGrath ACMA  
Director

Date: 2 September 2020

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**MELLER DESIGNS LIMITED**

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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The director presents his report and the financial statements for the year ended 31 December 2019.

**Principal activity**

The Company's principal activity is wholesaling own fashion accessories to retailers in the UK and USA as such it is reliant on both maintaining a good knowledge of ever changing customer tastes and the UK/USA economy.

**Director's responsibilities statement**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £143,888 (2018 - £136,587).

Dividends paid are disclosed in note 9 of the financial statements.

**Director**

The director who served during the year was:

J C McGrath ACMA

**Future developments**

The Director is focused on profitable growth.

The Company continues to invest in product innovation and brand awareness.

Operational efficiencies are continually under review across the supply chain and are a principal focus for the Company.

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**MELLER DESIGNS LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditors**

The director at the time when this Director's Report is approved has confirmed that:

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

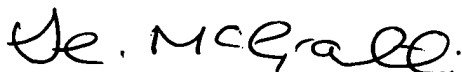
**Post balance sheet events**

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

**Auditors**

The auditors, MHA Macintyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J C McGrath ACMA  
Director

Date: 2 September 2020



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**MELLER DESIGNS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELLER DESIGNS LIMITED**

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**Opinion**

We have audited the financial statements of Meller Designs Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, 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 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

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**MELLER DESIGNS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELLER DESIGNS LIMITED (CONTINUED)**

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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.

**Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

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

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 Director's Report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Director's Responsibilities Statement on page 5, the director is 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 director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**MELLER DESIGNS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELLER DESIGNS LIMITED (CONTINUED)**

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**Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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



Steven Moore BA ACA (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors  
Moorgate House  
201 Silbury Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1LZ

2 September 2020

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**MELLER DESIGNS LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £	2018 £
Turnover	4	12,833,804	13,731,355
Cost of sales		(10,660,114)	(11,169,253)
<b>Gross profit</b>		<b>2,173,690</b>	<b>2,562,102</b>
Distribution costs		(1,087,513)	(1,414,524)
Administrative expenses		(903,503)	(951,944)
<b>Operating profit</b>		<b>182,674</b>	<b>195,634</b>
Interest payable and expenses	7	(26)	(19,943)
<b>Profit before tax</b>		<b>182,648</b>	<b>175,691</b>
Tax on profit	8	(38,760)	(39,104)
<b>Profit after tax</b>		<b>143,888</b>	<b>136,587</b>
Retained earnings at the beginning of the year		5,117,730	5,203,176
Profit for the year		143,888	136,587
Dividends declared and paid	9	(349,959)	(222,033)
<b>Retained earnings at the end of the year</b>		<b>4,911,659</b>	<b>5,117,730</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

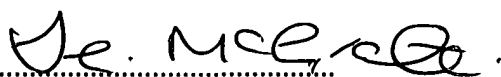
The notes on pages 12 to 25 form part of these financial statements.

**MELLER DESIGNS LIMITED**  
**REGISTERED NUMBER: 00502663**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	295,117	90,272
		<u>295,117</u>	<u>90,272</u>
<b>Current assets</b>			
Stocks	11	90,188	82,370
Debtors: amounts falling due within one year	12	6,859,766	5,510,181
Cash at bank and in hand	13	2,157,207	3,537,990
		<u>9,107,161</u>	<u>9,130,541</u>
Creditors: amounts falling due within one year	14	(4,240,619)	(3,853,083)
<b>Net current assets</b>		<u>4,866,542</u>	<u>5,277,458</u>
<b>Total assets less current liabilities</b>		<u>5,161,659</u>	<u>5,367,730</u>
<b>Net assets</b>		<u><u>5,161,659</u></u>	<u><u>5,367,730</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	250,000	250,000
Profit and loss account	17	4,911,659	5,117,730
		<u><u>5,161,659</u></u>	<u><u>5,367,730</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 September 2020.

  
 .....  
 J C McGrath ACMA  
 Director

The notes on pages 12 to 25 form part of these financial statements.

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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

Meller Designs Limited is a private company limited by shares, incorporated in England.

The registered address is Unit H, Bedford Business Centre, Mile Road, Bedford, MK42 9TW and the principal place of business is Meller House, 42-43 Chagford Street, London, NW1 6EB. The registered company number is 00502663.

The financial statements are presented in GBP and are rounded to the nearest whole pound.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Meller Group Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Going concern**

In response to the COVID-19 pandemic, the Director has performed a robust analysis of forecast future cash flows taking into account the potential impact on the Company of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

To mitigate the effects of the Coronavirus Pandemic, as far as possible, the company has implemented the following measures:

Safeguarding the welfare of staff and other stakeholders remains the number one priority. The company has successfully adapted its ways of working in order to keep its staff safe while continuing to provide the highest level of Customer service.

IT infrastructure is such that where possible the workforce was relocated to work from home, and the company continues to be fully operational.

The Pandemic has had a notable effect on the Retail environment and demand is forecast to be down in 2020.

Supply chain disruption is being managed by maintaining multiple sources for all goods and services.

Based on these assessments and having regard to the resources available to the Company, the Director has concluded that there is no material uncertainty arising from the COVID-19 pandemic and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**2.4 Revenue**

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

**Sale of goods**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.5 Finance costs**

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 Pensions**

**Defined contribution pension plan**

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

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

**2.7 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.8 Tangible fixed assets**

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



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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.8 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Motor vehicles	- 25% per annum
Fixtures and fittings	- 33% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

**2.9 Stocks**

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

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

**2.10 Debtors**

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

**2.11 Cash and cash equivalents**

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

**2.12 Creditors**

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

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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.15 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.

**2.16 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, management have been required to make judgements, estimates and assumptions. These estimates which relate to the carrying values of stock, recoverability of debtors, and the depreciation rates applicable to fixed assets, which are not readily available from other sources, are based on underlying assumptions and experience. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

The key estimations are deemed to be those in respect of the carrying value of stock and the useful economic lives of tangible fixed assets.

**4. Turnover**

The whole of turnover is attributable to the principal activity of the business and arose within the United Kingdom.

**5. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>8,755</u>	<u>8,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**6. Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	923,899	1,146,252
Social security costs	88,951	116,459
Cost of defined contribution scheme	25,132	21,763
	<u>1,037,982</u>	<u>1,284,474</u>

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

	2019 No.	2018 No.
Office and Management	2	3
Selling and Distribution	25	30
	<u>27</u>	<u>33</u>

Director's remuneration is paid by Julius A Meller Management Services Limited, a fellow group Company.

**7. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	<u>26</u>	<u>19,943</u>

**8. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	<u>13,558</u>	<u>41,344</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>25,202</u>	<u>(2,240)</u>
<b>Taxation on profit on ordinary activities</b>	<u>38,760</u>	<u>39,104</u>

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**MELLER DESIGNS LIMITED**

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**8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<b>182,648</b>	175,691
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>34,703</b>	33,381
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>5,767</b>	780
Capital allowances for year in excess of depreciation	<b>(23,847)</b>	8,416
Short term timing difference leading to an increase (decrease) in taxation	<b>25,202</b>	(2,240)
Non-taxable income	<b>(3,285)</b>	-
Changes in provisions leading to an increase (decrease) in the tax charge	<b>220</b>	(1,233)
<b>Total tax charge for the year</b>	<b>38,760</b>	39,104

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**9. Dividends**

	2019 £	2018 £
Dividends declared and paid	<b>349,959</b>	222,033

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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Tangible fixed assets**

	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2019	248,839	844,356	1,093,195
Additions	297,354	25,379	322,733
Disposals	(248,839)	-	(248,839)
At 31 December 2019	297,354	869,735	1,167,089
<b>Depreciation</b>			
At 1 January 2019	191,998	810,925	1,002,923
Charge for the year on owned assets	55,019	26,486	81,505
Disposals	(212,456)	-	(212,456)
At 31 December 2019	34,561	837,411	871,972
<b>Net book value</b>			
At 31 December 2019	262,793	32,324	295,117
At 31 December 2018	56,841	33,431	90,272

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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	<u>90,188</u>	<u>82,370</u>



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**MELLER DESIGNS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**12. Debtors**

	2019 £	2018 £
Trade debtors	2,371,990	2,630,199
Amounts owed by group undertakings	4,354,521	2,745,950
Other debtors	8	230
Prepayments and accrued income	42,414	45,553
Tax recoverable	84,734	56,948
Deferred taxation	6,099	31,301
	<u>6,859,766</u>	<u>5,510,181</u>

**13. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>2,157,207</u>	<u>3,537,990</u>

**14. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	585,396	708,939
Amounts owed to group undertakings	3,421,001	2,968,027
Other taxation and social security	25,449	39,593
Accruals and deferred income	208,773	136,524
	<u>4,240,619</u>	<u>3,853,083</u>

**15. Deferred taxation**

	2019 £	2018 £
At beginning of year	31,301	29,061
Charged to profit or loss	(25,202)	2,240
At end of year	<u>6,099</u>	<u>31,301</u>

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**MELLER DESIGNS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**15. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(9,845)	12,615
Other timing differences	15,944	18,686
	<u>6,099</u>	<u>31,301</u>

Other timing differences are made up of holiday pay provision of £1,250 (£7,352 at 17%) and income adjustments regarding hedging and derivatives of £14,694 (£86,435 at 17%).

**16. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
250,000 (2018 - 250,000) ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

**17. Reserves****Profit and loss account**

This reserve represents the cumulative profits and losses of the Company after the payment of dividends.

**18. Contingent liabilities**

The Company has guaranteed the borrowings of its parent Company and other subsidiaries as part of the Group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31 December 2019 the contingent liability in respect of this guarantee was £2,913,183 (2018 - £1,800,000).

The Company is included in a group registration for VAT purposes with its parent Company and other subsidiaries. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2019 the contingent liability in respect of this group registration was £70,400 (2018 - £226,330)

**19. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £55,294 (2018 - £21,763). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	118,875	37,500
Later than 1 year and not later than 5 years	39,625	-
	<u>158,500</u>	<u>37,500</u>

Operating lease costs in connection to the above were £156,375 (2018 - £160,843).

**21. Related party transactions**

During the year the Company made payments of £156,375 (2018 - £150,000) to Julius A Meller Management Services Limited Retirement Benefit Scheme for the lease of a property. Julius A Meller Management Services Limited Retirement Benefit Scheme is controlled by the owners of the ultimate parent undertaking.

**22. Controlling party**

The Company's parent undertaking is Meller Group Limited located at Unit H Bedford Business Centre, Mile Road, Bedford, MK42 9TW, incorporated in England, which heads the smallest and largest group in which the results of the Company are consolidated..

Copies of the Group financial statements of Meller Group Limited, the largest group into which the Company is consolidated, are available from Companies House.

The Company's ultimate parent undertaking and controlling party is CS Holdings Limited located at Unit H Bedford Business Centre, Mile Road, Bedford, MK42 9TW, a Company incorporated in Jersey.