

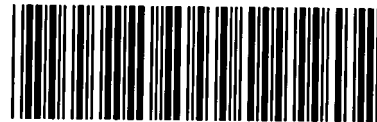
Company Registration No. 502663

MELLER DESIGNS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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MELLER DESIGNS LIMITED

COMPANY INFORMATION

Directors	J McGrath ACMA
Secretary	J Curtis FCA
Company Number	502663
Registered Office	Unit H Bedford Business Centre Mile Road Bedford MK42 9TW
Auditor	KPMG LLP, Statutory Auditor Chartered Accountants Altius House One North Fourth Street Milton Keynes MK9 1NE
Bank	Lloyds Bank 25 Gresham Street London EC2V 7HN

MELLER DESIGNS LIMITED

CONTENTS OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Page
Strategic report	1 - 2
Director's report	3 - 4
Statement of director's responsibilities in respect of the strategic report, the director's report and the financial statements	5
Independent auditor's report to the members of Meller Designs Limited	6 - 7
Profit and loss account	8
Other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11 - 12
Notes to the financial statements	13 - 22

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents the Strategic Report of Meller Designs Limited (“the Company”) for the year ended 31 December 2017.

Business review

Turnover increased by 2% to £15.3 million (*2016: £14.9 million*) reflecting the strength of the company’s core ranges, relationship with customers and on-going strategic initiatives taken by the management to harness growth opportunities.

Operating profits fell to £0.3 million (*2016: £0.4 million*) due to price pressure, and a decrease in gross margin to 20% (*2016: 22%*).

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

Meller Design’s primary markets are men's 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 across all its subsidiaries and has a long-term efficiency program in place to effectively manage costs. Where appropriate the Company has improved sourcing and made internal cost savings to reduce costs and preserve margins.

Risks and uncertainties

The Company operates in a competitive market place and there are a number of risks facing it. The primary financial risks are foreign exchange risk and raw material cost fluctuations.

Foreign currency 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.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017


Market risk

The Company's principal activity is wholesaling fashion and home accessories and as such is reliant on both maintaining a good knowledge of ever changing customer tastes and the UK economy. 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.

Liquidity risk

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

On behalf of the board

 28th SEPTEMBER 2018
.....
J McGrath ACMA
Director

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents the report and financial statements for the year ended 31 December 2017. The company registration number is 502663.

Principal activities, review of the business and future developments

The principal activity of the Company continued to be that of import and sale of fashion and home accessories. The Company's director considers the Company's financial position and the business performance to be satisfactory. The Company has kept close control over costs and the director will continue to monitor cost levels to ensure an adequate return is achieved in the current economic climate.

The Company plans to continue its existing business in the year to come and will work extensively with existing clients and suppliers whilst developing new relationships. The Company will continue to invest in its own employees to maintain its competitiveness.

Results and dividends

The results for the year are set out on page 8. The director proposes in respect of the financial year a final dividend of £222,033 (2016: £86,000). Dividends of £86,000 in relation to the previous financial year were paid during the year.

Director

The following director has held office since 1 January 2017:

J McGrath ACMA

Director's interests

The director did not have any interest in the share capital of the Company at any time during the current or prior year.

Political donations

The company made no political donations during the current or prior year.

Statement of disclosure to auditor

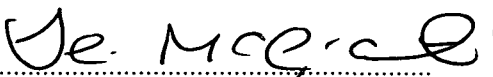
The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware. The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTOR'S REPORT (*CONTINUED*)
FOR THE YEAR ENDED 31 DECEMBER 2017

Auditor

KPMG LLP have indicated that they will not be seeking reappointment. In accordance with section 487 of Companies Act 2006, a resolution proposing appointment of new auditors will be submitted at the annual general meeting.

On behalf of the board



J McGrath ACMA
Director

28/9 . 2018

Unit H Bedford Business Centre
Mile Road
Bedford
MK42 9TW

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

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 directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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 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 statement;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGNS LIMITED

We have audited the financial statements of Meller Designs Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

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

Director's responsibilities

As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Marco

28 September 2018

Pamela Marco (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

MELLER DESIGNS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	2	15,253,772	14,891,298
Cost of sales		<u>(12,244,614)</u>	<u>(11,637,384)</u>
Gross profit		3,009,158	3,253,914
Distribution costs		(1,497,988)	(1,550,595)
Administrative costs		<u>(1,202,752)</u>	<u>(1,332,082)</u>
Operating profit	3	308,418	371,237
Interest payable and similar charges	4	<u>(24,239)</u>	<u>(37,360)</u>
Profit before taxation		284,179	333,877
Tax on profit	5	<u>(58,386)</u>	<u>(29,854)</u>
Profit for the financial year		<u>225,793</u>	<u>304,023</u>

The notes on pages 13 to 22 form part of these financial statements.

MELLER DESIGNS LIMITED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Profit for the year	225,793	304,023
Other comprehensive income		
Revaluation of tangible fixed assets	-	-
Income tax on revaluation	-	-
Other comprehensive income for the year, net income tax	-	-
Total comprehensive income for the year	225,793	304,023

All results arise from continuing operations.

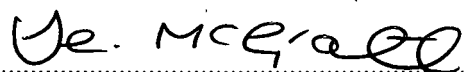
The notes on pages 13 to 22 form part of these financial statements.

MELLER DESIGNS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2017**

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	6		<u>150,148</u>		<u>128,652</u>
			150,148		128,652
Current assets					
Stocks	7	74,765		-	
Debtors	8	5,294,438		5,516,196	
Cash at bank and in hand		<u>3,242,626</u>		<u>2,962,718</u>	
		8,611,829		8,478,914	
Creditors: amounts falling due within one year	9	<u>(3,308,801)</u>		<u>(3,269,086)</u>	
Net current assets			5,303,028		5,209,828
Total assets less current liabilities			<u>5,453,176</u>		<u>5,338,480</u>
Creditors: amounts falling due after more than one year	10		-		(25,095)
Net assets			<u>5,453,176</u>		<u>5,313,385</u>
Capital and reserves					
Called up share capital	12		250,000		250,000
Profit and loss account			5,203,176		5,063,385
Shareholders' funds			<u>5,453,176</u>		<u>5,313,385</u>

The financial statements were approved by the Board on

28/9. 2018.


J McGrath ACMA**Director**

Company registration number: 502663

The notes on pages 13 to 22 form part of these financial statements.

MELLER DESIGNS LIMITED**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	250,000	4,759,362	5,009,362
Total comprehensive income for the period			
Profit for the year	-	304,023	304,023
Total comprehensive income for the period	-	304,023	304,023
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2016	250,000	5,063,385	5,313,385

MELLER DESIGNS LIMITED**STATEMENT OF CHANGES IN EQUITY (CONTINUED)****AS AT 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	250,000	5,063,383	5,313,383
Total comprehensive income for the period			
Profit for the year	-	225,793	225,793
Total	-	225,793	225,793
Dividends	-	(86,000)	(86,000)
Total contributions by and distributions to owners	-	(86,000)	(86,000)
Balance at 31 December 2017	250,000	5,203,176	5,453,176
Set aside for dividends declared after the reporting period		(222,033)	(222,033)
Total		4,981,143	5,231,143

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

Meller Designs Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company’s parent undertaking, Meller Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Meller Group Limited are available to the public and may be obtained from Unit H, Bedford Business Centre, Mile Road, Bedford, Bedfordshire, MK42 9TW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2. Going concern

The financial statements have been prepared on the going concern basis of accounting which the director believes to be appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the group to continue to trade as a going concern.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (*continued*)

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following conditions:

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (*continued*)

1.6 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Fixtures, fittings & equipment	33% per annum straight line basis
Motor vehicles	25% per annum straight line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.7 *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.8 *Stocks*

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete and slow moving items.

1.9 *Employee benefits*

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (*continued*)

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that are expected to apply to the reversal of the related difference using tax rates enacted or substantially enacted by the balance sheet date. Deferred tax are not discounted.

2. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and relating to the sale of goods.

MELLER DESIGNS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017****3. Operating profit**

	2017 £	2016 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	82,543	74,313
Auditor's remuneration:		
Audit of these financial statements	8,661	8,425
Taxation compliance services	3,500	3,500
Loss/(profit) on disposal of tangible assets	(2,943)	-
Currency exchange losses	112	784
Release of provision for liabilities of fellow group undertaking	-	(216,105)
Operating lease expense	<u>162,512</u>	<u>139,786</u>

4. Interest payable and similar charges

	2017 £	2016 £
On bank loans and overdrafts	23,899	36,000
Hire purchase interest	<u>340</u>	<u>1,360</u>
	<u>24,239</u>	<u>37,360</u>

5. Tax charge on profit on ordinary activities

	2017 £	2016 £
The taxation for the period comprised:		
Current tax		
Current tax on income for the period	47,637	30,991
Adjustments in respect of prior periods	<u>1,240</u>	<u>(1,165)</u>
Total current tax	<u>48,877</u>	<u>29,826</u>
Deferred tax		
Origination and reversal of timing differences	10,562	(2,542)
Adjustment in respect of previous years	(1,053)	451
Effect of tax rate change on opening balance	<u>-</u>	<u>2,119</u>
Total deferred tax	<u>9,509</u>	<u>28</u>
Total tax	<u>58,386</u>	<u>29,854</u>

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2017

5. Tax charge on profit on ordinary activities (*continued*)

	2017			2016		
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	48,877	9,509	58,386	29,826	28	29,854
Total tax	48,877	9,509	58,386	29,826	28	29,854

Reconciliation of effective tax rate

Profit on ordinary activities before taxation	284,179	333,877
Theoretical tax at UK corporation tax rate 19.25% (2016: 20%)	54,695	66,775
Effects of:		
Non-deductible expenses	4,900	(38,774)
Impact of rate difference between deferred and current tax	(1,396)	2,567
Adjustment to tax charge in respect of prior periods	187	(714)
Total tax expense included in profit or loss	58,386	29,854

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2017 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6. Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2017	799,386	205,593	1,004,979
Additions	34,266	81,830	116,096
Disposals	-	(38,584)	(38,584)
At 31 December 2017	<u>833,652</u>	<u>248,839</u>	<u>1,082,491</u>
Depreciation			
At 1 January 2017	767,283	109,044	876,327
Charge for the year	20,333	62,210	82,543
Charge on disposals	-	(26,527)	(26,527)
At 31 December 2017	<u>787,616</u>	<u>144,727</u>	<u>932,343</u>
Net book value			
At 31 December 2017	<u>46,036</u>	<u>104,112</u>	<u>150,148</u>
At 31 December 2016	<u>32,103</u>	<u>96,549</u>	<u>128,652</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2017	<u>2,990</u>
At 31 December 2016	<u>20,914</u>
Depreciation charge for the year	
31 December 2017	<u>17,926</u>
31 December 2016	<u>17,926</u>

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7. Stocks

	2017 £	2016 £
Finished goods and packaging materials	<u>74,765</u>	<u>-</u>

Raw materials, consumables and changes in finished goods and work in-progress recognised as cost of sales in the year amounted to £11,220,425 (2016: £10,482,402).

8. Debtors

	2017 £	2016 £
Trade debtors	2,209,059	2,836,550
Amounts owed by parent and fellow subsidiary undertakings	2,955,299	2,487,087
Other taxes and social security costs	-	4,916
Prepayments and accrued income	52,725	149,073
Corporation tax	48,294	-
Deferred tax	29,061	38,570
	<u>5,294,438</u>	<u>5,516,196</u>

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £	2016 £	Liabilities 2017 £	2016 £	Net 2017 £	2016 £
Accelerated capital allowances	(5,700)	(14,217)	-	-	(5,700)	(14,217)
Other	(23,361)	(24,353)	-	-	(23,361)	(24,353)
Net tax (assets) / liabilities	<u>(29,061)</u>	<u>(38,570)</u>	<u>-</u>	<u>-</u>	<u>(29,061)</u>	<u>(38,570)</u>

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Net obligations under hire purchase contracts	57	5,537
Trade creditors	633,095	779,038
Amounts owed to group undertakings	2,433,567	2,203,963
Other taxes and social security costs	57,284	32,449
Accruals and deferred income	184,798	231,287
Corporation tax	-	16,812
	<u>3,308,801</u>	<u>3,269,086</u>

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Obligations under hire purchase contracts	-	25,095
The maturity of obligations under finance leases is as follows:		
Within one year	-	5,537
In the second to fifth years	-	25,095
	-	30,632

11. Commitments

Commitments under non-cancellable operating leases are as follows:

	2017 Land and buildings £	Other £	2016 Land and buildings £	Other £
Operating leases which expire:				
Within one year	37,500	-	31,250	-
In the second to fifth years inclusive	-	-	-	-
	37,500	-	31,250	-

12. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250,000	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

MELLER DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2017

13. Contingent liabilities

The Company has guaranteed the borrowings of its parent company and other subsidiaries as part of group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31 December 2017 the contingent liability in respect of this guarantee was £1,800,000 (2016: £1,800,000).

The Company is included in a group registration for VAT purposes with its parent and other fellow subsidiary companies. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2017 the contingent liability in respect of this group registration was £132,835 (2016: £92,699).

14. Director's emoluments

The director is not remunerated for his services to this company.

15. Employees

Number of employees

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

	2017 Number	2016 Number
Office and management	4	4
Selling and distribution	30	33
	<u>34</u>	<u>37</u>

Employment costs	£	£
Wages and salaries	1,193,348	1,274,892
Social security costs	99,630	105,694
Other pension costs	18,818	18,041
	<u>1,311,796</u>	<u>1,398,627</u>

Outstanding pension contributions as at 31 December 2017 was £10,213 (2016: £4,956)

16. Ultimate parent company and parent company of larger group

The Company's parent undertaking is Meller Group Limited, 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 are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The Company's ultimate parent undertaking and controlling party is CS Holdings Limited, Unit H Bedford Business Centre, Mile Road, Bedford, MK42 9TW, a Company incorporated in Jersey.