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FRIEDMAN'S LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

FRIEDMAN'S LIMITED

COMPANY INFORMATION

Directors	D S Kaitiff H M Kaitiff V E Langford
Company secretary	H M Kaitiff
Registered number	00817040
Registered office	Unit E 3 Tudor Road Altrincham Business Park Altrincham Cheshire WA14 5RZ
Independent Auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	Bank of Scotland 19-21 Spring Gardens Manchester M2 1FB

FRIEDMAN'S LIMITED

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FRIEDMAN'S LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the Financial Statements for the year ended 31 December 2019.

Principal activity

The principal activity of the Company during the year continued to be that of importing and selling textiles.

Results and dividends

The profit for the year, after taxation, amounted to £629,050 (2018: £817,693).

During the year the Company paid a dividend of £Nil (2018: £135,000). The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

D S Kaitiff
H M Kaitiff
V E Langford

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- the Director 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 Auditor is aware of that information.

Coronavirus

At the date of signing these Financial Statements, the Directors have considered the effect on the Company with the information available to it, and do not believe it will affect the Company's ability to continue to trade for the foreseeable future. See note 2.2 for further details.

Small companies note

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

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

DocuSigned by:
H. Kaitiff
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H M Kaitiff
Director

Date: 20 October 2020

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Directors' 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 the Directors have 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 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 for the Company's Financial Statements 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 to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIEDMAN'S LIMITED

Opinion

We have audited the Financial Statements of Friedman's Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, 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 Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the 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 Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' Report has 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 Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

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 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 for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Ltd.

Steven Ellis (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: 20 October 2020

FRIEDMAN'S LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	2.4,4	5,213,105	5,344,800
Cost of sales		(2,765,613)	(2,759,926)
Gross profit		2,447,492	2,584,874
Administrative expenses		(1,696,564)	(1,590,573)
Operating profit	5	750,928	994,301
Interest receivable	9	10,222	-
Interest payable	10	(7,884)	(6,385)
Profit on ordinary activities before taxation		753,266	987,916
Taxation on profit on ordinary activities	11	(124,216)	(170,223)
Profit for the financial year		629,050	817,693

	2019 £	2018 £
Retained earnings at the beginning of the year	3,998,090	3,315,397
Profit for the financial year	629,050	817,693
Dividends declared and paid	-	(135,000)
Retained earnings at the end of the year	4,627,140	3,998,090

There were no recognised gains and losses for 2019 or 2018 other than those included in the Profit and Loss Account.

The notes on pages 8 to 23 form part of these Financial Statements.

FRIEDMAN'S LIMITED
REGISTERED NUMBER:00817040

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	13		79,192		139,560
Tangible assets	14		526,665		566,937
			605,857		706,497
Current assets					
Stocks	15	1,047,560		890,263	
Debtors: amounts falling due within one year	16	3,047,564		2,357,517	
Cash at bank and in hand		1,074,711		1,064,910	
		5,169,835		4,312,690	
Creditors: amounts falling due within one year	17	(1,002,370)		(819,612)	
Net current assets			4,167,465		3,493,078
Total assets less current liabilities			4,773,322		4,199,575
Creditors: amounts falling due after more than one year	18		(98,273)		(161,555)
			4,675,049		4,038,020
Provisions for liabilities					
Deferred tax	20	(42,809)		(34,830)	
			(42,809)		(34,830)
Net assets			4,632,240		4,003,190
Capital and reserves					
Called up share capital	21		101		101
Share Premium Account	22		4,999		4,999
Profit and Loss Account	22		4,627,140		3,998,090
Shareholders' funds			4,632,240		4,003,190

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

DocuSigned by:
H. Kaitiff
H M Kaitiff
Director

Date: 20 October 2020

The notes on pages 8 to 23 form part of these Financial Statements.

1. General information

Friedman's Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Financial Statements are prepared in Sterling (£) which is the functional currency of the Company. The Financial Statements are for the year ended 31 December 2019 (2018: year ended 31 December 2018).

The Financial Statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 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. The areas involving a higher degree of a judgement or complexity or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Coronavirus and going concern

At the Balance Sheet date, the Company had a positive cash balance and net current asset position. At the time of signing these accounts, the Directors have considered the effect of the Coronavirus on the going concern position and consider that this indicates that the Company will continue to trade for a period of at least 12 months from the date of signing these accounts.

Like many businesses, the period of lockdown has been particularly difficult for the Company due to a prolonged shut down of sports facilities across the country affecting the Company's customers. Sale of Funki Fabrics products through the Company's online platform have continued throughout lockdown and contributed towards the Company's overhead. The Company has and continues to make use of the UK Government support available to businesses during this difficult time under the Coronavirus Job Retention Scheme. With sports facilities now beginning to re-open the Directors are hopeful trading will improve and demand for the Company's products will increase. The Directors have a plan to reduce costs in the Company should trading conditions not improve as expected.

The Directors have prepared detailed forecasts based on the easing of lockdown and improved trading conditions which show reduced levels of activity when compared to levels which had previously been budgeted. Using these assumptions, the forecasts show that the Company will be able to operate within the facilities available to it.

On that basis, the Directors have prepared these Financial Statements on a going concern basis.

2.3 Exemptions

Under FRS 102 (section 1.12), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that its parent company (CEPS PLC) includes the Company's cashflows in its own published consolidated Financial Statements.

The entity is a qualifying entity and has also taken advantage of the financial instrument disclosures exemption and the exemption from disclosing key management compensation (other than Directors' emoluments) under FRS 102 (section 1.12).

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

2.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Costs incurred and capitalised for the development of the Company's website are amortised evenly over five years. Licenses for the distribution of certain products are amortised evenly over three years.

2.6 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.

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 the Profit and Loss Account during the period in which they are incurred.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Long-term leasehold property	- 2-10% straight line
Plant and machinery	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance
Office equipment	- 25% reducing balance

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 Profit and Loss Account.

At each Balance Sheet date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately.

2.7 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads where appropriate. Cost is based on the latest purchase price.

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 and Loss Account.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as other debtors and creditors, loans from banks and other third parties or loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

2. Accounting policies (continued)

2.9 Provisions

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 Profit and Loss Account 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.

2.10 Leasing and hire purchase

Where assets are financed by leasing agreements that give rights approximating to ownership (leasing and hire purchase), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.11 Pensions

The Company makes payments to defined contribution schemes for its employees. Defined contribution schemes are those 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 Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the schemes are held separately from the Company in independently administered funds.

2.12 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.

2.13 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

2.15 Current and deferred taxation

Tax is recognised in the Profit and Loss Account, except that a charge 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 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. 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. Deferred tax is calculated at the tax rate substantively enacted at the reporting date expected to apply to the reversal of the timing difference.

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

The Directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of non-current assets

The Company assesses the impairment of tangible fixed assets and intangible assets subject to depreciation or amortisation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Impairment of other assets

The Company reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Depreciation and residual value

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects' disposal values.

Carrying value of stocks

Management reviews the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the Financial Statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management uses its knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the Company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Profit and Loss Account.

3. Judgements in applying accounting policies (continued)

Leases

Management must determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and types of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,593,691	3,738,920
Rest of Europe	1,275,761	1,294,726
Rest of the World	343,653	311,154
	5,213,105	5,344,800

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	133,738	124,778
Amortisation of intangible assets	61,938	53,866
Operating lease rentals	158,973	141,300
Loss on disposal of tangible assets	62	28,019
Exchange differences	(2,187)	10,102

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,830	6,430
Fees payable to the Company's Auditor in respect of:		
Taxation compliance services	2,313	2,225

7. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	733,462	642,791
Social security costs	82,848	79,022
Cost of defined contribution scheme	34,268	21,642
	850,578	743,455

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

	2019 No.	2018 No.
Management and administrative staff	9	7
Production staff	8	7
	17	14

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	399,397	324,550
Company contributions to defined contribution pension schemes	28,000	18,000
	427,397	342,550

During the year retirement benefits were accruing to two Directors (2018: two) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £200,438 (2018: £163,518).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £14,000 (2018: £9,000).

9. Interest receivable

	2019 £	2018 £
Interest receivable from Group companies	10,222	-

10. Interest payable

	2019 £	2018 £
Other loan interest payable	4,875	3,000
Hire purchase contracts	3,009	3,385
	7,884	6,385

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	122,727	157,877
Adjustments in respect of previous periods	(6,490)	(5,043)
Total current tax	116,237	152,834
Deferred tax		
Charge for the year	7,979	17,389
Total deferred tax	7,979	17,389
Taxation on profit on ordinary activities	124,216	170,223

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	753,266	987,916
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	143,121	187,704
Effects of:		
Expenses not deductible for tax purposes	679	6,134
Difference between depreciation and capital allowances	2,640	3,278
Transfer pricing adjustments	(15,200)	(15,200)
Group relief	(7,200)	(6,650)
Adjustments in respect of prior years - corporation tax	(6,490)	(5,043)
Adjustments in respect of prior years - deferred tax	6,666	-
Total tax charge for the year	124,216	170,223

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2019 £	2018 £
Dividends paid on equity capital	-	135,000

13. Intangible assets

	Website development costs £	Licences £	Total £
Cost			
At 1 January 2019	59,775	162,000	221,775
Additions	1,400	170	1,570
At 31 December 2019	61,175	162,170	223,345
Amortisation			
At 1 January 2019	35,148	47,067	82,215
Charge for the year	9,521	52,417	61,938
At 31 December 2019	44,669	99,484	144,153
Net book value			
At 31 December 2019	16,506	62,686	79,192
At 31 December 2018	24,627	114,933	139,560

14. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2019	343,340	540,323	170,249	65,481	1,119,393
Additions	-	67,197	23,658	2,673	93,528
Disposals	-	-	(3,063)	-	(3,063)
At 31 December 2019	343,340	607,520	190,844	68,154	1,209,858
Depreciation					
At 1 January 2019	36,790	361,062	117,751	36,853	552,456
Charge for the year on owned assets	34,334	36,894	20,535	7,818	99,581
Charge for the year on financed assets	-	34,157	-	-	34,157
Disposals	-	-	(3,001)	-	(3,001)
At 31 December 2019	71,124	432,113	135,285	44,671	683,193
Net book value					
At 31 December 2019	272,216	175,407	55,559	23,483	526,665
At 31 December 2018	306,550	179,261	52,498	28,628	566,937

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	69,349	112,071

15. Stocks

	2019 £	2018 £
Raw materials	253,819	268,204
Work in progress	1,718	15,766
Finished goods	792,023	606,293
	1,047,560	890,263

Stock recognised in cost of sales during the year as an expense was £2,502,350 (2018: £2,518,962)

16. Debtors

	2019 £	2018 £
Trade debtors	452,893	512,577
Amounts owed by Group undertakings	2,534,900	1,788,536
Other debtors	145	220
Prepayments and accrued income	59,626	56,184
	3,047,564	2,357,517

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	30,000	30,000
Trade creditors	598,995	359,545
Corporation tax	44,088	129,727
Other taxation and social security	117,198	148,274
Obligations under finance lease and hire purchase contracts	33,278	33,278
Other creditors	2,727	4,019
Accruals and deferred income	176,084	114,769
	1,002,370	819,612

Other loans are unsecured and attract interest at 5% per annum. Other loans are repayable in equal annual installments ending 31 July 2022.

Obligations under leasing and hire purchase contracts are secured against the assets to which they relate.

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	60,000	90,000
Net obligations under finance leases and hire purchase contracts	38,273	71,555
	98,273	161,555

19. Leasing and hire purchase

Minimum lease payments under leasing and hire purchase fall due as follows:

	2019 £	2018 £
Within one year	33,278	33,278
Between 1-5 years	38,273	71,555
	71,551	104,833

20. Deferred taxation

	2019 £
At beginning of year	34,830
Utilised in year	(7,979)
At end of year	42,809

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	42,929	37,713
Short term timing differences	(120)	(2,883)
	(42,809)	(34,830)

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
101 Ordinary shares of £1 each	101	101

22. Reserves

Share Premium Account

The Share Premium Account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and Loss Account

The Profit and Loss Account includes all current and prior period retained profit and losses. All are considered distributable.

23. Pension commitments

The Company makes contributions to individuals' own private money purchase pension schemes. The pension cost charge represents contributions payable by the Company to the schemes and amounted to £34,268 (2018: £21,641). At the Balance Sheet date £1,655 was payable to the schemes (2018: £1,313).

24. 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	157,000	91,583
Later than 1 year and not later than 5 years	471,000	628,000
Later than 5 years	601,833	601,833
	1,229,833	1,321,416

25. Related party transactions

During the year the Company purchased goods totalling £nil (2018: £361,500) from entities under the control of one of the Directors. At the year end the Company owed £nil (2018: £55,985) to these entities. All transactions were conducted under normal commercial terms.

Also during the year, the Company loaned an amount of £700,000 (2018: £nil) to a company with a controlling interest. This loan is unsecured and there is no fixed term of repayment. The loan attracts interest of 6% per annum and interest of £10,222 (2018: £nil) is due on this loan at the year end. Also during the year, the Company was recharged costs of £6,546 (2018: £nil). At the year end a total amount of £2,492,212 (2018: £1,788,536) was outstanding and this is included within debtors due with one year.

During the year the Company sold goods totalling £87,533 (2018: £nil) to a fellow group company. At the year end amounts outstanding are £42,688 (2018: £nil) and are included with debtors due within one year.

Within other loans at the year end is an amount of £90,000 (2018: £120,00) due to a Director of the Company. The loan attracts interest at 5% per annum and interest of £4,875 (2018: £3,000) has been accrued during the year. The loan is repayable in equal annual instalments ending 31 July 2022.

26. Post balance sheet event

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. At this stage, the Directors believe the Company is able to handle any downturn that may occur in the sector in which the Company operates with the financial support available to it as detailed in note 2.2.

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Signature Fabrics Limited, which is incorporated in England and Wales. The ultimate parent Company is CEPS PLC which is incorporated in England and Wales.

At the Balance Sheet date, CEPS PLC is the parent of both the smallest and largest groups which prepare Financial Statements that consolidate this entity. Copies of the Financial Statements of CEPS PLC are available from: CEPS PLC, 11 Laura Place, Bath, BA2 4BL.