

Company Registration No. 01156193 (England and Wales)

DORMOLE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

DORMOLE LIMITED

COMPANY INFORMATION

Directors	B G K Brice S J Clemson J N Christie A J T Strong T J Strong
Secretary	R D Rowe
Company number	01156193
Registered office	Long Reach Galleon Boulevard Crossways Business Park Dartford Kent DA2 6QE
Auditor	Clarkson Hyde LLP 3rd Floor Chancery House St Nicholas Way Sutton Surrey SM1 1JB
Bankers	HSBC Bank plc Corporate Banking Kent Lakeview West Crossways Business Park Dartford Kent DA2 6QE Lloyds Bank plc 293 High Street West Bromwich West Midlands B70 8NA
Solicitors	Knocker & Foskett The Red House High Street Sevenoaks Kent TN13 1JL

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DORMOLE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

I present the financial statements for the year ended 31 December 2019 and the Board's Strategic Report.

RESULTS

Though the uncertainty flowing from the Brexit decision continued to affect our markets in the UK and Ireland for most of 2019 turnover increased by 4% to £243m. Turnover benefited from a full year's trading from our 2018 acquisitions in Ireland; like for like sales in the UK have remained static.

Gross profit is down as a percentage of turnover, reflecting the trading climate and the increasing share of lower margin power tools in the sales mix. The additional costs of investing in our new Widnes distribution facility and in our Irish business in readiness for the launch of Toolbank Ireland, combined with the subdued business climate, contributed to lower pre-tax profits of £16.5m. Those profits, less tax and dividends paid during the year, increased net assets to £117.4m.

The company monitors performance throughout the year. Key performance indicators are sales (up 4%), gross profit to sales (down 0.5%), overheads to turnover (increased by 1%), stock days (up by 4), debtor days (down by 5) and pre-tax profit (down 13%). Whilst there is always room for improvement, the board considers the 2019 results to be satisfactory in absolute terms and in relation to the strategic objectives achieved during the year.

REVIEW OF THE BUSINESS

The main part of our business remains focussed on providing an extensive range of hand tools, power tools, consumables, accessories, fixings and fasteners, which we stock in depth and make available to all genuine re-sellers of such products. We strive to offer a service that is second to none and this year's results are impacted by decisions made to mitigate the potential effects of Brexit on the supply chain. Prompt deliveries and high levels of availability are critical to our business and a conscious decision was taken to boost stocks to our highest ever levels to ensure customer service could be maintained.

We also invested significantly in our Irish subsidiary Tucks O'Brien in readiness for the launch of Toolbank Ireland in Dublin from where we aim to deliver the best possible service to customers on the island of Ireland. That work is not yet complete but the overheads in these accounts are impacted by the additional costs incurred developing warehouse capacity, fixed assets, IT, stock and people.

Our other acquisition businesses continue to deliver good growth and after the year end the company acquired the West Yorkshire fixings and fastenings wholesaler Harrison and Clough. We believe this acquisition delivers several benefits and will, alongside Forgefix and QFF, further strengthen our position in those markets.

The continuing uncertainty over the final Brexit outcome was making it hard enough to predict market conditions for 2020 but the health and financial pressures experienced because of Covid19 have added massively to the task. However, we feel that the company was well placed going into this crisis and that our past investments in systems, people, products and marketing will enable us to provide our customers with the service and support they need in such a difficult business climate. In doing so, we hope to maintain or even improve our market share.

It was with great sadness that the company learned in December of the death of its cofounder, former Chairman and main board director, John Twallin. Although he had not been as actively involved in the day to day running of the company in recent years, he remained passionately interested in its progress. The ethos that he and Arthur Clemson instilled in the business of service, support and integrity will remain at the forefront of our dealings with customers and suppliers.

The technical provisions of the DB section of the Toolbank Retirement Benefits Scheme were fully funded at the year end. Nonetheless the company will continue to make additional contributions for the foreseeable future until it is fully funded on a gilts flat basis.

We are very much aware of the support we receive from our customers and suppliers to whom we are very grateful. I would also like to thank my fellow members of staff for their contribution not only to these results but also for their response and commitment towards meeting the challenges posed to our business by the Covid-19 pandemic.

By order of the board

A J T Strong
Chairman
9 July 2020

DORMOLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group continued to be the sale of hand tools, power tools, hardware and accessories.

The review of the business is contained in the Strategic Report of the Chairman.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J R C Twallin	(Deceased 14 December 2019)
B G K Brice	
S J Clemson	
J N Christie	
A J T Strong	
T J Strong	

Results and dividends

The results for the year are set out on page 6.

The directors have declared and paid an interim dividend of 28p and propose a further dividend of 31p.

In addition, they will be recommending to the shareholders a second interim dividend of 43p.

Dividends of £3,125 have been paid on the 83,333 7.5% preference shares for the year ended 31 December 2019.

Dividends of £60,192 have been paid on the 1,100,023 redeemable preference shares for the year ended 31 December 2019.

Land and buildings

Land and buildings are shown consistently at depreciated cost price which the directors consider to be a fair representation of their intrinsic value.

Disabled persons

The group's policy is to be unbiased when dealing with jobs that might be suitable for disabled persons. All necessary assistance with training is given to all staff.

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect employees' interests, and information is communicated through local managers.

Future developments

It is intended that future developments should continue to be in our existing field of activity.

Auditor

In accordance with the company's articles, a resolution proposing that Clarkson Hyde LLP be reappointed as auditor of the group will be put at a General Meeting.

DORMOLE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board

R D Rowe
Secretary
9 July 2020

DORMOLE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DORMOLE LIMITED

Opinion

We have audited the financial statements of Dormole Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, 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 FRS 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 group's and the parent 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 UK, including the FRC'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 group's or the parent 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

DORMOLE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DORMOLE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Graham Speck (Senior Statutory Auditor)
for and on behalf of Clarkson Hyde LLP

29 July 2020

Chartered Accountants
Statutory Auditor

3rd Floor
Chancery House
St Nicholas Way
Sutton
Surrey
SM1 1JB

DORMOLE LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	£'000	£'000
Turnover	3	242,685	232,909
Cost of sales		(178,322)	(170,046)
Gross profit		<u>64,363</u>	<u>62,863</u>
Distribution costs		(15,047)	(14,659)
Administrative expenses		(32,701)	(29,083)
Other operating income		238	194
Operating profit	4	<u>16,853</u>	<u>19,315</u>
Interest receivable and similar income	8	62	128
Interest payable and similar expenses	9	(430)	(458)
Profit before taxation		<u>16,485</u>	<u>18,985</u>
Tax on profit	10	(3,072)	(3,562)
Profit for the financial year		<u><u>13,413</u></u>	<u><u>15,423</u></u>
Profit for the financial year is attributable to:			
- Owners of the parent company	29	13,434	15,422
- Non-controlling interests		(21)	1
		<u><u>13,413</u></u>	<u><u>15,423</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

DORMOLE LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£'000	£'000
Profit for the year	13,413	15,423
	<u> </u>	<u> </u>
Other comprehensive income		
Actuarial loss on defined benefit pension schemes	(880)	(48)
Currency translation differences	(120)	(21)
	<u> </u>	<u> </u>
Other comprehensive income for the year	(1,000)	(69)
	<u> </u>	<u> </u>
Total comprehensive income for the year	12,413	15,354
	<u> </u>	<u> </u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	12,434	15,353
- Non-controlling interests	(21)	1
	<u> </u>	<u> </u>
	12,413	15,354
	<u> </u>	<u> </u>

DORMOLE LIMITED**GROUP BALANCE SHEET**

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	13		34,640		35,766
Investment properties	14		430		430
Fixed asset investments	15		3,463		3,401
			<u>38,533</u>		<u>39,597</u>
Current assets					
Stocks	19	54,974		49,769	
Debtors	20	36,224		37,789	
Cash at bank and in hand		22,119		16,297	
		<u>113,317</u>		<u>103,855</u>	
Creditors: amounts falling due within one year	21	(27,702)		(26,682)	
Net current assets			<u>85,615</u>		<u>77,173</u>
Total assets less current liabilities			<u>124,148</u>		<u>116,770</u>
Creditors: amounts falling due after more than one year	22		(6,745)		(9,405)
Net assets			<u><u>117,403</u></u>		<u><u>107,365</u></u>
Capital and reserves					
Called up share capital	27		2,758		2,758
Share premium account	28		4,467		4,467
Profit and loss reserves	29		109,842		99,783
Equity attributable to owners of the parent company			<u>117,067</u>		<u>107,008</u>
Non-controlling interests			<u>336</u>		<u>357</u>
			<u><u>117,403</u></u>		<u><u>107,365</u></u>

The financial statements were approved by the board of directors and authorised for issue on 9 July 2020 and are signed on its behalf by:

A J T Strong
Director

DORMOLE LIMITED**COMPANY BALANCE SHEET**

AS AT 31 DECEMBER 2019

		2019	2018
	Notes	£'000	£'000
Fixed assets			
Tangible fixed assets	13	23,177	24,018
Investment properties	14	430	430
Fixed asset investments	15	91,613	86,049
		<u>115,220</u>	<u>110,497</u>
Current assets			
Stocks	19	12,200	12,182
Debtors	20	23,938	21,848
Cash at bank and in hand		24	29
		<u>36,162</u>	<u>34,059</u>
Creditors: amounts falling due within one year	21	<u>(28,154)</u>	<u>(28,362)</u>
Net current assets		8,008	5,697
Total assets less current liabilities		<u>123,228</u>	<u>116,194</u>
Creditors: amounts falling due after more than one year	22	(6,161)	(9,186)
Net assets		<u><u>117,067</u></u>	<u><u>107,008</u></u>
Capital and reserves			
Called up share capital	27	2,758	2,758
Share premium account	28	4,467	4,467
Non distributable reserve		65,203	59,771
Profit and loss reserves	29	44,639	40,012
Total equity		<u><u>117,067</u></u>	<u><u>107,008</u></u>

The financial statements were approved by the board of directors and authorised for issue on 9 July 2020 and are signed on its behalf by:

A J T Strong
Director

Company Registration No. 01156193

DORMOLE LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non-controlling interest £'000	Total £'000
Balance at 1 January 2018	2,758	4,467	86,853	94,078	356	94,434
Year ended 31 December 2018:						
Profit for the year	-	-	15,422	15,422	1	15,423
Other comprehensive income:						
Actuarial loss on defined benefit plans	-	-	(48)	(48)	-	(48)
Currency translation differences on overseas subsidiaries	-	-	(21)	(21)	-	(21)
Total comprehensive income for the year	-	-	15,353	15,353	1	15,354
Dividends	-	-	(2,423)	(2,423)	-	(2,423)
Balance at 31 December 2018	2,758	4,467	99,783	107,008	357	107,365
Year ended 31 December 2019:						
Profit for the year	-	-	13,434	13,434	(21)	13,413
Other comprehensive income:						
Actuarial loss on defined benefit plans	-	-	(880)	(880)	-	(880)
Currency translation differences on overseas subsidiaries	-	-	(120)	(120)	-	(120)
Total comprehensive income for the year	-	-	12,434	12,434	(21)	12,413
Dividends	-	-	(2,375)	(2,375)	-	(2,375)
Balance at 31 December 2019	2,758	4,467	109,842	117,067	336	117,403

DORMOLE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

		Share capital	Share premium account	Non distributable reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018		2,758	4,467	51,900	34,953	94,078
Year ended 31 December 2018:						
Profit for the year		-	-	-	7,530	7,530
Other comprehensive income:						
Revaluation of fixed asset investments		-	-	7,871	-	7,871
Actuarial loss on defined benefit plans		-	-	-	(48)	(48)
Total comprehensive income for the year		-	-	7,871	7,482	15,353
Dividends	11	-	-	-	(2,423)	(2,423)
Balance at 31 December 2018		2,758	4,467	59,771	40,012	107,008
Year ended 31 December 2019:						
Profit for the year		-	-	-	7,882	7,882
Other comprehensive income:						
Revaluation of fixed asset investments		-	-	5,432	-	5,432
Actuarial loss on defined benefit plans		-	-	-	(880)	(880)
Total comprehensive income for the year		-	-	5,432	7,002	12,434
Dividends	11	-	-	-	(2,375)	(2,375)
Balance at 31 December 2019		2,758	4,467	65,203	44,639	117,067

DORMOLE LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	32	14,322	16,270
Interest paid		(442)	(444)
Income taxes paid		(4,622)	(3,931)
Net cash inflow from operating activities		9,258	11,895
Investing activities			
Purchase of subsidiaries (net of cash acquired)		-	(8,100)
Purchase of intangible assets		(46)	-
Purchase of tangible fixed assets		(971)	(5,730)
Proceeds on disposal of tangible fixed assets		1,056	318
Other investment income received		-	46
Net cash generated from/(used in) investing activities		39	(13,466)
Financing activities			
Proceeds of new bank loans		-	5,100
Repayment of bank loans		(1,592)	(1,362)
Payment of finance leases obligations		(882)	(1,441)
Dividends paid to equity shareholders		(2,375)	(2,423)
Net cash used in financing activities		(4,849)	(126)
Net increase/(decrease) in cash and cash equivalents		4,448	(1,697)
Cash and cash equivalents at beginning of year		15,494	17,212
Effect of foreign exchange rates		(43)	(21)
Cash and cash equivalents at end of year		19,899	15,494
Relating to:			
Cash at bank and in hand		22,119	16,297
Bank overdrafts included in creditors payable within one year		(2,220)	(803)

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Dormole Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Long Reach, Galleon Boulevard, Crossways Business Park, Dartford, Kent, DA2 6QE.

The group consists of Dormole Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £7,882,000 (2018: £7,530,000).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Dormole Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control is deemed to have passed.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	0-2% Straight line
Land and buildings Leasehold	The shorter of the term of the lease or 50 years
Computer equipment	20-100% Straight line (hardware) and 20- 50% Straight line (software)
Fixtures, fittings & equipment	10-33.3% Straight line
Motor vehicles	25% Reducing balance (cars) and 33.3% Straight line (vans)

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Equity instruments are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at fair value with changes recognised in other comprehensive income.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the weighted average method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Until 30 September 2001 the company operated a defined benefit (DB) section in the Toolbank Retirement Benefits Scheme. On 30 September 2001 the company closed the DB section both to new members and future accruals and from 1 October 2001 it has operated a defined contribution (DC) section within the scheme. On 31 July 2012 the DC section was closed to new members but not to future accrual.

The company's share of the contributions to the DC section of the scheme are charged to the profit and loss account in accordance with FRS102.

Contributions to the DB section up to its closure were charged to the profit and loss account so as to spread the cost of the pension over employees' working lives with the group. Contributions were based on actuarial valuations.

The present value of providing the DB benefits accrued up to 30 September 2001, which are inflated in line with the RPI (plus an additional 1% pa above RPI for members in the DB section at its closure date), is based on actuarial advice and the company makes deficit reduction payments if the value of this liability exceeds the DB assets.

The net interest expense on the DB liability, from unwinding the discount by one year, is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the profit and loss account as other finance cost.

Remeasurement changes comprise actuarial gains and losses on the DB liability, the effect of the asset ceiling and the return on the DB assets excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined benefit pension liability in the balance sheet comprises the total for the plan of the present value of the defined benefits payable (using a discount rate based on high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****1 Accounting policies****(Continued)****1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019	2018
	£'000	£'000
Turnover analysed by class of business		
Sales of tools and fixings	242,685	232,909
	<u>242,685</u>	<u>232,909</u>
	2019	2018
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	206,234	206,902
EU Countries	36,451	26,007
	<u>242,685</u>	<u>232,909</u>
	<u>242,685</u>	<u>232,909</u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****4 Operating profit**

	2019	2018
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	842	(42)
Depreciation of owned tangible fixed assets	2,032	1,916
Depreciation of tangible fixed assets held under finance leases	573	557
Profit on disposal of tangible fixed assets	(540)	(61)
Amortisation of intangible assets	46	95
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019	2018
	£'000	£'000
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	30	30
Audit of the financial statements of the company's subsidiaries	126	119
	<u> </u>	<u> </u>
	156	149
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	25	25
Other taxation services	10	24
All other non-audit services	122	136
	<u> </u>	<u> </u>
	157	185
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Distribution and service	547	512	89	85
Administration and management	493	478	119	112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	1,040	990	208	197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Wages and salaries	35,242	32,362	11,044	10,403
Pension costs	2,650	2,383	1,387	1,399
	<u>37,892</u>	<u>34,745</u>	<u>12,431</u>	<u>11,802</u>

7 Directors' remuneration

	2019	2018
	£'000	£'000
Remuneration for qualifying services	844	809
Sums paid to third parties for directors' services	50	47
	<u>894</u>	<u>856</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019	2018
	£'000	£'000
Remuneration for qualifying services	257	250
Company pension contributions to defined contribution schemes	-	13
	<u></u>	<u></u>

8 Interest receivable and similar income

	2019	2018
	£'000	£'000
Income from fixed asset investments		
Income from participating interests - associates	62	128
	<u></u>	<u></u>

9 Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	371	367
Other finance costs:		
Interest on finance leases and hire purchase contracts	71	77
Net interest on the net defined benefit liability	(12)	14
	<u>430</u>	<u>458</u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****10 Taxation**

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	2,899	3,499
Adjustments in respect of prior periods	(11)	-
	<u>2,888</u>	<u>3,499</u>
Total current tax	<u>2,888</u>	<u>3,499</u>
Deferred tax		
Origination and reversal of timing differences	184	63
	<u>184</u>	<u>63</u>
Total tax charge	<u>3,072</u>	<u>3,562</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2019	2018
	£'000	£'000
Profit before taxation	16,485	18,985
	<u>16,485</u>	<u>18,985</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	3,132	3,607
Tax effect of expenses that are not deductible in determining taxable profit	37	69
Tax effect of income not taxable in determining taxable profit	5	4
Tax effect of utilisation of tax losses not previously recognised	(57)	-
Change in unrecognised deferred tax assets	184	63
Adjustments in respect of prior years	(11)	-
Permanent capital allowances in excess of depreciation	(467)	(377)
Depreciation on assets not qualifying for tax allowances	498	429
Amortisation on assets not qualifying for tax allowances	9	16
Other permanent differences	1	2
Effect of overseas tax rates	(23)	(7)
Dividend income	(16)	(28)
Other timing differences	(117)	(204)
(Profit)/loss on disposal of assets	(103)	(12)
	<u>3,072</u>	<u>3,562</u>
Taxation charge	<u>3,072</u>	<u>3,562</u>

11 Dividends

	2019	2018
	£'000	£'000
Ordinary and Preference paid	2,375	2,423
	<u>2,375</u>	<u>2,423</u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****12 Intangible fixed assets**

Group	Goodwill
	£'000
Cost	
At 1 January 2019	-
Additions	46
	<u>46</u>
At 31 December 2019	46
	<u>46</u>
Amortisation and impairment	
At 1 January 2019	-
Amortisation charged for the year	46
	<u>46</u>
At 31 December 2019	46
	<u>46</u>
Carrying amount	
At 31 December 2019	-
	<u>-</u>
At 31 December 2018	-
	<u>-</u>

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets						
Group	Land and buildings Freehold	Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2019	32,478	1,273	3,861	8,724	6,365	52,701
Additions	-	13	369	282	1,408	2,072
Disposals	(544)	(4)	(1,463)	(188)	(1,155)	(3,354)
Exchange adjustments	(68)	-	(6)	(9)	-	(83)
At 31 December 2019	31,866	1,282	2,761	8,809	6,618	51,336
Depreciation and impairment						
At 1 January 2019	3,884	481	3,356	5,824	3,390	16,935
Depreciation charged in the year	513	67	226	633	1,166	2,605
Eliminated in respect of disposals	(273)	(4)	(1,463)	(188)	(910)	(2,838)
Exchange adjustments	(1)	-	(2)	(3)	-	(6)
At 31 December 2019	4,123	544	2,117	6,266	3,646	16,696
Carrying amount						
At 31 December 2019	27,743	738	644	2,543	2,972	34,640
At 31 December 2018	28,594	792	505	2,900	2,975	35,766

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13	Tangible fixed assets	(Continued)				
Company	Land and buildings Freehold £'000	Land and buildings Leasehold £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2019	24,885	1,055	2,697	2,360	1,232	32,229
Additions	-	13	159	-	174	346
Disposals	(544)	-	(1,203)	-	(146)	(1,893)
At 31 December 2019	24,341	1,068	1,653	2,360	1,260	30,682
Depreciation and impairment						
At 1 January 2019	3,375	291	2,585	1,453	507	8,211
Depreciation charged in the year	377	59	71	153	205	865
Eliminated in respect of disposals	(273)	-	(1,203)	-	(95)	(1,571)
At 31 December 2019	3,479	350	1,453	1,606	617	7,505
Carrying amount						
At 31 December 2019	20,862	718	200	754	643	23,177
At 31 December 2018	21,510	764	112	907	725	24,018

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****13 Tangible fixed assets****(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Fixtures, fittings & equipment	1,158	712	625	712
Motor vehicles	1,473	1,583	306	448
	<u>2,631</u>	<u>2,295</u>	<u>931</u>	<u>1,160</u>
Depreciation charge for the year in respect of leased assets	573	557	173	208
	<u>573</u>	<u>557</u>	<u>173</u>	<u>208</u>

14 Investment property

	Group	Company
	2019	2019
	£'000	£'000
Fair value		
At 1 January 2019 and 31 December 2019	430	430
	<u>430</u>	<u>430</u>

15 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	16	-	-	89,361	83,883
Investments in associates	17	2,942	2,880	2,252	2,166
Loans to associates	17	521	521	-	-
		<u>3,463</u>	<u>3,401</u>	<u>91,613</u>	<u>86,049</u>
		<u>3,463</u>	<u>3,401</u>	<u>91,613</u>	<u>86,049</u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****15 Fixed asset investments (Continued)****Movements in fixed asset investments**

Group	Shares £'000	Loans £'000	Total £'000
Cost or valuation			
At 1 January 2019	2,880	521	3,401
Valuation changes	62	-	62
	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,942	521	3,463
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2019	2,942	521	3,463
	<hr/>	<hr/>	<hr/>
At 31 December 2018	2,880	521	3,401
	<hr/>	<hr/>	<hr/>

Movements in fixed asset investments

Company	Shares £'000
Cost or valuation	
At 1 January 2019	86,049
Additions	46
Valuation changes	5,518
	<hr/>
At 31 December 2019	91,613
	<hr/>
Carrying amount	
At 31 December 2019	91,613
	<hr/>
At 31 December 2018	86,049
	<hr/>

16 Subsidiaries

Details of the company's trading subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Curtis Holt Limited	England	Tool Distributor	Ordinary	100.00	-
Finnie & Co Limited	Scotland	Tool Distributor	Ordinary	-	100.00
C.A. Clemson & Sons Limited	England	Tool Distributor	Ordinary	100.00	-
Tucks O'Brien Limited	Rep of Ireland	Tool Distributor	Ordinary	100.00	-
QFF Distribution Limited	Rep of Ireland	Fixings Distributor	Ordinary	100.00	-
Galleon Investments (Dartford) Limited	England	Investment Company	Ordinary	100.00	-
Forgefix Limited	England	Fixings Distributor	Ordinary	-	100.00
Olympia Tools (UK) Limited	England	Tool Distributor	Ordinary	-	100.00
Biz Power Tools Limited	England	Tool Distributor	Ordinary	-	52.00

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Associates

Details of associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Etablissements Denuzière SAS	France	Tool Distributor	Ordinary	46.00	-
Home Hardware Distribution Limited	England	Hardware and Horticultural Goods Distributor	Ordinary	-	35.00

18 Financial instruments

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	34,053	35,806	22,323	19,699
Carrying amount of financial liabilities				
Measured at amortised cost	28,627	29,164	35,795	38,173

19 Stocks

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Finished goods and goods for resale	54,974	49,769	12,200	12,182

Stock recognised in cost of sales during the year as an expense was £163,055,000 (2018: £156,387,000) (Company: £51,946,000 (2018: £51,390,000)).

20 Debtors

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	32,791	34,444	900	2,071
Amounts owed by group undertakings	-	-	14,762	10,702
Other debtors	741	841	7,729	8,306
Prepayments and accrued income	2,544	2,165	544	684
	36,076	37,450	23,935	21,763
Amounts falling due after more than one year:				
Deferred tax asset (note 25)	148	339	3	85
Total debtors	36,224	37,789	23,938	21,848

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	23	3,829	2,368	17,127	17,639
Obligations under finance leases	24	1,172	1,066	352	492
Trade creditors		4,496	4,255	4,675	4,177
Amounts owed to group undertakings		-	-	467	-
Amounts owed to undertakings in which the group has a participating interest		(205)	(58)	-	147
Corporation tax payable		202	1,943	(1,763)	(867)
Other taxation and social security		5,618	4,980	283	242
Other creditors		2,299	1,489	1,975	1,383
Accruals and deferred income		10,291	10,639	5,038	5,149
		<u>27,702</u>	<u>26,682</u>	<u>28,154</u>	<u>28,362</u>

22 Creditors: amounts falling due after more than one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	23	4,995	6,631	4,995	6,631
Obligations under finance leases	24	613	500	29	281
Other creditors		1,137	2,274	1,137	2,274
		<u>6,745</u>	<u>9,405</u>	<u>6,161</u>	<u>9,186</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>1,067</u>	<u>1,805</u>	<u>1,067</u>	<u>1,805</u>
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23 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans	6,604	8,196	6,604	8,196
Bank overdrafts	2,220	803	15,518	16,074
	<u>8,824</u>	<u>8,999</u>	<u>22,122</u>	<u>24,270</u>
Payable within one year	3,829	2,368	17,127	17,639
Payable after one year	<u>4,995</u>	<u>6,631</u>	<u>4,995</u>	<u>6,631</u>

The long-term loans are secured by fixed charges over the group's properties.

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****24 Finance lease obligations**

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	1,231	1,108	359	513
In two to five years	618	508	30	286
	<u>1,849</u>	<u>1,616</u>	<u>389</u>	<u>799</u>
Less: future finance charges	(64)	(50)	(8)	(26)
	<u>1,785</u>	<u>1,566</u>	<u>381</u>	<u>773</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets	Assets
	2019	2018
	£'000	£'000
Group		
Accelerated capital allowances	(125)	21
Tax losses	255	262
Other timing differences	18	56
	<u>148</u>	<u>339</u>
	<u><u>148</u></u>	<u><u>339</u></u>
	Assets	Assets
	2019	2018
	£'000	£'000
Company		
Accelerated capital allowances	(193)	(143)
Other timing differences	196	228
	<u>3</u>	<u>85</u>
	<u><u>3</u></u>	<u><u>85</u></u>

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Deferred taxation (Continued)

	Group 2019 £'000	Company 2019 £'000
Movements in the year:		
Asset at 1 January 2019	(339)	(85)
Charge to profit or loss	184	82
Other	7	-
	<u> </u>	<u> </u>
Asset at 31 December 2019	<u>(148)</u>	<u>(3)</u>

26 Retirement benefit schemes

	2019 £'000	2018 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,518	2,208
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

The group participates in the Toolbank Retirement Benefits Scheme, which operates in the UK. The scheme has a defined benefit (DB) section providing final salary benefits in respect of service up to 30 September 2001. On 1 October 2001 a defined contribution (DC) section was introduced and the basis of benefit provision was switched to this section for all employees for service from that date. For members in service at 1 October 2001 accrued DB section benefits are revalued until retirement at a rate of 1% per annum above increases in the RPI, subject to a maximum increase of 6% per annum. The scheme is funded with assets being held by trustees separately from the assets of the group.

A full actuarial valuation of the defined benefit section carried out at 1 February 2018 by a qualified independent actuary showed that the scheme had a funding surplus based on its technical provisions. The company and trustees have agreed a long term funding target for the DB section of gilts flat. The company is continuing to contribute to the scheme and the long term funding target should be reached sometime around 2030. As the section's funding level improves the trustees will move growth assets into government securities and corporate bonds, so reducing funding volatility.

The actuarial valuation was updated to 31 December 2019 by the actuary. The major assumptions used by the actuary were (in nominal terms):

<i>Key assumptions</i>	2019 %	2018 %
Discount rate	2.10	2.90
Expected rate of increase of pensions in payment	3.00	3.20
Deferred pension revaluation - pre 30 Sept 2001 leavers (RPI)	3.00	3.20
Deferred pension revaluation - post 30 Sept 2001 leavers (RPI + 1%)	4.00	4.20
Pension increases - pre 1 Apr 1997 (Fixed 3%)	3.00	3.00
	<u> </u>	<u> </u>

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2019	2018
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.2	22.1
- Females	24.1	24.1
	=====	=====
Retiring in 20 years		
- Males	24.0	23.8
- Females	26.0	25.9
	=====	=====
	2019	2018
<i>Amounts recognised in the profit and loss account</i>	£'000	£'000
Net interest on net defined benefit liability/(asset)	(12)	14
Other costs and income	132	175
	=====	=====
Total costs	120	189
	=====	=====
	2019	2018
<i>Amounts taken to other comprehensive income</i>	£'000	£'000
Actual return on scheme assets	5,381	(1,743)
Less: calculated interest element	(1,026)	(986)
	=====	=====
Return on scheme assets excluding interest income	4,355	(2,729)
Actuarial changes related to obligations	(5,235)	2,681
	=====	=====
Total costs	(880)	(48)
	=====	=====

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	38,570	34,754	38,570	34,754
Fair value of plan assets	(40,201)	(35,946)	(40,201)	(35,946)
	=====	=====	=====	=====
Surplus in scheme	(1,631)	(1,192)	(1,631)	(1,192)
	=====	=====	=====	=====

DORMOLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Retirement benefit schemes

(Continued)

	Group 2019 £'000	Company 2019 £'000
Liabilities at 1 January 2019	34,754	34,754
Benefits paid	(1,994)	(1,994)
Actuarial gains and losses	4,831	4,831
Interest cost	979	979
	<u> </u>	<u> </u>
At 31 December 2019	<u>38,570</u>	<u>38,570</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

	Group 2019 £'000	Company 2019 £'000
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2019	35,946	35,946
Interest income	1,026	1,026
Return on plan assets (excluding amounts included in net interest)	4,355	4,355
Benefits paid	(1,994)	(1,994)
Contributions by the employer	1,000	1,000
Other	(132)	(132)
	<u> </u>	<u> </u>
At 31 December 2019	<u>40,201</u>	<u>40,201</u>

Fair value of plan assets at the reporting period end

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Cash and cash equivalents	63	714	63	714
Equity instruments	7,077	6,339	7,077	6,339
Other growth assets	9,314	8,768	9,314	8,768
Government securities/LDI	14,275	11,740	14,275	11,740
Corporate bonds	9,472	8,385	9,472	8,385
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>40,201</u>	<u>35,946</u>	<u>40,201</u>	<u>35,946</u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****27 Share capital**

	Group and company	
	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
28,983 Voting 'A' ordinary shares of £1 each	29	29
1,557,991 Non-voting 'B' ordinary shares of £1 each	1,558	1,558
28,731 'C' ordinary shares of £1 each	29	29
	<u>1,616</u>	<u>1,616</u>
	<u><u>1,616</u></u>	<u><u>1,616</u></u>
Preference share capital		
Issued and fully paid		
83,333 7.5% Non-cumulative preference shares of 50p each	42	42
1,100,023 redeemable preference shares of £1 each	1,100	1,100
	<u>1,142</u>	<u>1,142</u>
	<u><u>1,142</u></u>	<u><u>1,142</u></u>

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****28 Share premium account**

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At beginning and end of year	4,467	4,467	4,467	4,467

29 Profit and loss reserves

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At the beginning of the year	99,783	86,853	40,012	34,953
Profit for the year	13,434	15,422	7,882	7,530
Dividends	(2,375)	(2,423)	(2,375)	(2,423)
Actuarial differences recognised in other comprehensive income	(880)	(48)	(880)	(48)
Currency translation differences	(120)	(21)	-	-
At the end of the year	109,842	99,783	44,639	40,012

30 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	56	24	32	-
Between two and five years	1,609	2,158	621	1,036
In over five years	11,256	12,200	11,256	12,200
	12,921	14,382	11,909	13,236

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Acquisition of tangible fixed assets	152	106	96	45

DORMOLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****32 Cash generated from group operations**

	2019	2018
	£'000	£'000
Profit for the year after tax	13,413	15,423
Adjustments for:		
Taxation charged	3,072	3,562
Finance costs	430	458
Investment income	(62)	(128)
Gain on disposal of tangible fixed assets	(540)	(61)
Amortisation and impairment of intangible assets	46	95
Depreciation and impairment of tangible fixed assets	2,605	2,473
Pension scheme non-cash movement	(868)	(825)
Movements in working capital:		
Increase in stocks	(5,205)	(1,540)
Decrease in debtors	1,374	4,858
Increase/(decrease) in creditors	57	(8,045)
Cash generated from operations	14,322	16,270

33 Analysis of changes in net funds - group

	1 January 2019	Cash flows	New finance leases	Exchange rate movements	31 December 2019
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	16,297	5,865	-	(43)	22,119
Bank overdrafts	(803)	(1,417)	-	-	(2,220)
	15,494	4,448	-	(43)	19,899
Borrowings excluding overdrafts	(8,196)	1,592	-	-	(6,604)
Obligations under finance leases	(1,566)	882	(1,101)	-	(1,785)
	5,732	6,922	(1,101)	(43)	11,510

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