

Company Registration No. 01945355 (England and Wales)

DART VALLEY SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

DART VALLEY SYSTEMS LIMITED

COMPANY INFORMATION

Directors	R Basler P Truttmann
Secretary	D Orwin
Company number	01945355
Registered office	Kemmings Close Long Road Paignton Devon TQ4 7TW
Auditor	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU

DART VALLEY SYSTEMS LIMITED

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DART VALLEY SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Principal activities and business review

The principal activity of the company during the year remained that of the supply, installation and maintenance of water conservation equipment. The products are used primarily in washrooms and, whilst the client base is large and diverse, it includes national supply with public sector and major organisations.

The profit for the year, after taxation, amounted to £1,993,038 (2018: £1,918,145).

Principal risks and uncertainties affecting the business include the following.

The company has wide product market ranges, with very limited exposure to any specific client or product.

Supply chain continuity is very important and key suppliers are continually monitored with double sourcing where desirable to reduce risks.

Foreign currency risks: The majority of sales are in GBP Sterling so there is limited exposure on goods sold. The company has some imports in EUR and some in USD.

Credit risk: DVS continues to benefit from very few bad debts. Tighter controls were implemented in prior years in anticipation of risks resulting from the worldwide economic environment. These include tighter controls on providing credit accounts and careful evaluation on levels of credit. DVS encourage communication and liaise on a regular basis with all clients.

Adequate provisioning has been made for potential bad debt write offs.

Key financial indicators include the monitoring of pre-tax profit compared to turnover, return on assets, cash-flow and management of net working capital.

By order of the board

D Orwin
Secretary
30 January 2020

DART VALLEY SYSTEMS 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.

Directors

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

R Basler
P Truttmann

Dividends

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

Auditor

Hart Shaw LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

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

Employees

The continued commitment of our people has played a major role in our business success.

DART VALLEY SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Environment

Dart Valley has BS EN ISO 9001 quality accreditation and also BS EN ISO 14001 environmental accreditation. Whilst the company ensures due consideration is given to sustainability and environmental issues for the business activities, the major contribution is made through water efficient products designed, manufactured and provided by the company. Hundreds of millions of cubic metres of water have been saved through the implementation of DVS products.

By order of the board

D Orwin

Secretary

30 January 2020

DART VALLEY SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF DART VALLEY SYSTEMS LIMITED

Opinion

We have audited the financial statements of Dart Valley Systems Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the balance sheet 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 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 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.

DART VALLEY SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF DART VALLEY SYSTEMS LIMITED

Matters on which we are required to report by exception

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

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 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: <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.

Paul Dawson (Senior Statutory Auditor)
for and on behalf of Hart Shaw LLP

31 January 2020

Chartered Accountants
Statutory Auditor

Europa Link
Sheffield Business Park
Sheffield
S9 1XU

DART VALLEY SYSTEMS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Turnover	3	8,635	8,596
Cost of sales		(4,192)	(4,194)
Gross profit		4,443	4,402
Distribution costs		(29)	(61)
Administrative expenses		(1,952)	(1,966)
Profit before taxation		2,462	2,375
Tax on profit	7	(469)	(457)
Profit for the financial year		1,993	1,918
Retained earnings brought forward		3,582	3,314
Dividends	8	(3,400)	(1,650)
Retained earnings carried forward		2,175	3,582

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

DART VALLEY SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		944		908
Current assets					
Stocks	11	1,013		840	
Debtors - deferred tax	15	5		14	
Debtors - other	12	1,726		1,750	
Cash at bank and in hand		664		1,591	
		<u>3,408</u>		<u>4,195</u>	
Creditors: amounts falling due within one year	13	<u>(2,090)</u>		<u>(1,453)</u>	
Net current assets			1,318		2,742
Total assets less current liabilities			2,262		3,650
Provisions for liabilities	14		(86)		(67)
Net assets			<u>2,176</u>		<u>3,583</u>
Capital and reserves					
Profit and loss reserves			2,176		3,583
			<u>2,176</u>		<u>3,583</u>

The financial statements were approved by the board of directors and authorised for issue on 30 January 2020 and are signed on its behalf by:

P Truttmann
Director

Company Registration No. 01945355

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Dart Valley Systems Limited is a private company, limited by shares and incorporated in England and Wales. The registered office is Kemmings Close, Long Road, Paignton, Devon, TQ4 7TW.

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Franke Sissons Limited. These consolidated financial statements are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

1.2 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.

1.3 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.

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.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

1.4 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:

Freehold land and buildings	50 Years
Plant and equipment	3 Years
Fixtures and fittings	20 Years
Motor vehicles	5 Years

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

1.6 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.

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.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Cash at bank and in hand

Cash at bank and in hand 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.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

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 company 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.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 company 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 company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DART VALLEY SYSTEMS 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 when the company has 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.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 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 are included in the profit and loss account for the period.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company'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

	2019 £000	2018 £000
Turnover analysed by geographical market		
United Kingdom	7,484	7,607
Rest of World	1,151	989
	<u>8,635</u>	<u>8,596</u>

4 Operating profit

	2019 £000	2018 £000
Operating profit for the year is stated after charging:		
Research and development costs	49	25
Depreciation of owned tangible fixed assets	70	76
Operating lease charges	115	94
	<u></u>	<u></u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £14,000 (2018 - £3,000).

5 Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	10	10
	<u></u>	<u></u>

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees

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

	2019 Number	2018 Number
Production and distribution	24	24
Sales, administration and management	22	22
	<u>46</u>	<u>46</u>

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	1,402	1,305
Social security costs	89	120
Pension costs	72	46
	<u>1,563</u>	<u>1,471</u>

7 Taxation

	2019 £000	2018 £000
Current tax		
UK corporation tax on profits for the current period	469	455
Adjustments in respect of prior periods	(9)	2
	<u>460</u>	<u>457</u>
Deferred tax		
Origination and reversal of timing differences	9	-
	<u>9</u>	<u>-</u>
Total tax charge	<u>469</u>	<u>457</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Deferred tax at the balance sheet date and has been measured using these enacted tax rates and reflected in the financial statements.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £000	2018 £000
Profit before taxation	2,462	2,376
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	468	451
Tax effect of expenses that are not deductible in determining taxable profit	10	4
Under/(over) provided in prior years	(9)	2
Taxation charge for the year	469	457

8 Dividends

	2019 £000	2018 £000
Interim paid	3,400	1,650

9 Intangible fixed assets

	Patents & licences £000
Cost	
At 1 January 2019 and 31 December 2019	16
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	16
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2019	824	555	291	10	1,680
Additions	-	51	9	45	105
At 31 December 2019	824	606	300	55	1,785
Depreciation and impairment					
At 1 January 2019	123	486	152	10	771
Depreciation charged in the year	9	34	22	5	70
At 31 December 2019	132	520	174	15	841
Carrying amount					
At 31 December 2019	692	86	126	40	944
At 31 December 2018	700	69	139	-	908

11 Stocks

	2019 £000	2018 £000
Raw materials and consumables	773	531
Finished goods and goods for resale	240	309
	1,013	840

A provision for obsolete and slow moving stock has been made at the year end for £259,000 (2018 £249,000).

12 Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade debtors	1,349	1,380
Amounts owed by group undertakings	22	39
Prepayments and accrued income	355	331
	1,726	1,750

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

		(Continued)	
12	Debtors	2019 £000	2018 £000
	Amounts falling due after more than one year:		
	Deferred tax asset (note 15)	5	14
		<u>5</u>	<u>14</u>
	Total debtors	1,731	1,764
		<u>1,731</u>	<u>1,764</u>
13	Creditors: amounts falling due within one year	2019 £000	2018 £000
	Trade creditors	441	497
	Amounts owed to group undertakings	63	93
	Corporation tax	917	469
	Other taxation and social security	181	198
	Accruals and deferred income	488	196
		<u>2,090</u>	<u>1,453</u>
		<u>2,090</u>	<u>1,453</u>
14	Provisions for liabilities	2019 £000	2018 £000
		86	67
		<u>86</u>	<u>67</u>
	Movements on provisions:		
			£000
	At 1 January 2019		67
	Additional provisions in the year		19
			<u>86</u>
	At 31 December 2019		<u>86</u>

The company offers a two year warranty on certain products and services supplied to customers. The provision is in place to cover estimated costs in relation to potential warranty claims on past sales.

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2019 £000	Assets 2018 £000
Balances:		
Accelerated capital allowances	5	14
	<u>5</u>	<u>14</u>
Movements in the year:		2019 £000
Asset at 1 January 2019		14
Charge to profit or loss		(9)
		<u>5</u>
Asset at 31 December 2019		<u>5</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

16 Retirement benefit schemes

	2019 £000	2018 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	72	46
	<u>72</u>	<u>46</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Operating lease commitments

Lessee

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

	2019 £000	2018 £000
Within one year	74	68
Between two and five years	36	29
	<u>110</u>	<u>97</u>

DART VALLEY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£000	£000	£000	£000
Entities with control, joint control or significant influence over the company	29	39	324	402
Other related parties	195	92	150	258
	<u>224</u>	<u>131</u>	<u>474</u>	<u>660</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£000	£000
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	54	90
Other related parties	9	3
	<u>63</u>	<u>93</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£000	£000
Amounts due from related parties		
Other related parties	21	39
	<u>21</u>	<u>39</u>

As a wholly owned subsidiary of Franke Sissons Limited, the company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the group headed by Franke Sissons Limited.

19 Ultimate controlling party

The company is a subsidiary undertaking of Franke Sissons Limited, a company incorporated in England and Wales. The consolidated financial statements of the group accounts are available from; The Registrar of Companies house, Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is Franke Holding Ag, a company registered in Switzerland.

The largest group in which the results of the company are consolidated is that headed by Franke Holding AG, Dorfbachstrasse 2, Aarburg, Switzerland. The consolidated financial statements of this group are not available to the public.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.