

Registered number: 02555629

QUALITEX SUPPLIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



QUALITEX SUPPLIES LIMITED

COMPANY INFORMATION

Directors	D E Andrews G Andrews S Andrews
Registered number	02555629
Registered office	Unit 3B Deacon Trading Estate Aylesford Kent ME20 7SP
Independent auditors	Haysmacintyre LLP Statutory Auditors 10 Queen Street Place London EC4R 1AG

QUALITEX SUPPLIES LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present their Strategic Report and Directors Report for the year ended 31 December 2018.

Business review

The Directors are pleased to report that sales growth has been achieved for the fifth consecutive year, with improving margins and despite having dropped Polypipe plastic plumbing and drainage products from the product range, to concentrate totally on the sales of our own exclusive QX Bathroom Products.

The company continued to strengthen its 'Good, Better, Best' product strategy, with the introduction of the new QX Alpha Trade Range at the most competitive end of our product offering, but also introduced several new ranges within the mid-market sector, including a new exclusive range of shower columns, which were well received in the market.

The company increased sales of our Genesis and Ascent bathroom and shower brands by securing additional displaying showroom partners, which continues to provide stronger partnerships with our customers and builds on the benefits and uniqueness of the QX Bathroom Products brand.

The Directors also have a new upmarket brand ready to launch in April 2019, under the new branding of QX Grand Home Bathrooms. This new range will be aimed at specialist bathroom merchants and showrooms, who promote and display this higher specification range, which will be sold at a higher price point.

The complete QX Bathroom Product range will also be exhibited at the Grand Designs Live exhibition at the Excel Centre in London, in May 2019, having not featured at a trade exhibition in the last ten years, therefore this is an important development.

Although exchange rates continued to fluctuate throughout 2018, the company's strategy of forward ordering currencies for the duration of the brochure run continues to provide stability of prices and minimal price increases, despite the potential risks attributed to Brexit.

During the year, the company negotiated a renewal of their existing lease at the Northern Depot for a further ten years and sights the Northern Region, that also services the Midlands, Scotland and Wales, as providing strong growth opportunities, which was supported by the best ever sales from the region in 2018.

The Directors remain confident of achieving annual sales from the two depots exceeding £20 million turnover by 2022.

The Directors consider the company's position at year end to be very strong and are optimistic for significant growth in sales and profitability for 2019 and beyond.

Principal risks and uncertainties

The company recognises the risks it faces in connection with its business operation and monitors various key performance indicators as part of its monthly accounting and management reporting procedures. The Directors continue to review and monitor management controls put in place to mitigate the risks associated to credit and debtor controls, and foreign exchange risks - as above the company has introduced systems to manage these risks. Of equal significance are our stock control and cashflow management systems which allow management to control stock levels and forecast cash flow in order to meet the needs of our customers and the business.

QUALITEX SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Financial key performance indicators

With profitability and cash flows having further improved during the year, the Company was able to improve forward stock purchases. Debtor days at the year end decreased to 41 days at 31 December 2017 (2017 44 days).

This report was approved by the board on 26/4/2019 and signed on its behalf.



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D E Andrews
Director

QUALITEX SUPPLIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of Qualitex Supplies Limited is the distribution of shower and bathroom equipment which is sold via builder's merchants and bathrooms studios throughout the United Kingdom.

Results and dividends

The profit for the year, after taxation, amounted to £199,706 (2017 - £211,956).

During the year the company paid dividends of £150,000. The directors do not recommend a final dividend at the year end.

Directors

The Directors who served during the year were:

D E Andrews
G Andrews
S Andrews

Post balance sheet events

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

Matters covered in the strategic report

The company's Business Review, Principal Risks and Key Performance Indicators are included in the Strategic Report.

Disclosure of information to auditors

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

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

QUALITEX SUPPLIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26/4/2019 and signed on its behalf.



D E Andrews
Director

QUALITEX SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUALITEX SUPPLIES LIMITED

Opinion

We have audited the financial statements of Qualitex Supplies Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUALITEX SUPPLIES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.


Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Beard (Senior Statutory Auditor)
for and on behalf of

Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 26/4/2019

QUALITEX SUPPLIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	13,960,973	13,974,361
Cost of sales		(8,590,734)	(8,786,991)
Gross profit		5,370,239	5,187,370
Distribution costs		(1,994,258)	(1,874,629)
Administrative expenses		(3,134,226)	(2,945,317)
Operating profit	5	241,755	367,424
Interest receivable and similar income	8	55	26
Changes in fair value of derivative financial instruments		52,404	(52,404)
Interest payable and expenses	9	(35,205)	(30,696)
Profit before tax		259,009	284,350
Tax on profit	10	(59,303)	(72,394)
Profit for the financial year		199,706	211,956

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

QUALITEX SUPPLIES LIMITED
REGISTERED NUMBER: 02555629

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	193,280	224,306
		<u>193,280</u>	<u>224,306</u>
Current assets			
Stocks	13	2,295,541	2,035,092
Debtors: amounts falling due within one year	14	1,684,148	1,857,223
Cash at bank and in hand	15	148,455	149,808
		<u>4,128,144</u>	<u>4,042,123</u>
Creditors: amounts falling due within one year	16	(2,619,104)	(2,587,172)
Net current assets		<u>1,509,040</u>	<u>1,454,951</u>
Total assets less current liabilities		<u>1,702,320</u>	<u>1,679,257</u>
Creditors: amounts falling due after more than one year	17	(104,276)	(130,919)
Net assets		<u><u>1,598,044</u></u>	<u><u>1,548,338</u></u>
Capital and reserves			
Called up share capital	21	50,000	50,000
Profit and loss account	22	1,548,044	1,498,338
		<u><u>1,598,044</u></u>	<u><u>1,548,338</u></u>

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



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D E Andrews
 Director

26/4/2019

QUALITEX SUPPLIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	50,000	1,386,382	1,436,382
Comprehensive income for the year			
Profit for the year	-	211,956	211,956
Total comprehensive income for the year	-	211,956	211,956
Dividends paid	-	(100,000)	(100,000)
At 1 January 2018	50,000	1,498,338	1,548,338
Comprehensive income for the year			
Profit for the year	-	199,706	199,706
Total comprehensive income for the year	-	199,706	199,706
Dividends paid	-	(150,000)	(150,000)
At 31 December 2018	50,000	1,548,044	1,598,044

The notes on pages 11 to 22 form part of these financial statements.

QUALITEX SUPPLIES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	199,706	211,956
Adjustments for:		
Depreciation of tangible assets	97,406	80,433
Loss on disposal of tangible assets	942	448
Interest paid	35,205	30,696
Interest received	(55)	(26)
Taxation charge	59,303	72,394
(Increase) in stocks	(260,450)	(27,612)
Decrease/(increase) in debtors	173,076	(365,859)
(Decrease)/increase in creditors	(163,577)	34,105
Net fair value losses recognised in P&L	-	52,404
Corporation tax (paid)	(71,673)	(24,196)
Net cash generated from operating activities	69,883	64,743
Cash flows from investing activities		
Purchase of tangible fixed assets	(66,380)	(63,192)
Sale of tangible fixed assets	(942)	3,000
Interest received	55	26
HP interest paid	(5,947)	(9,154)
Net cash from investing activities	(73,214)	(69,320)
Cash flows from financing activities		
Net new finance leases	(11,870)	(15,450)
Drawdown of overdraft facility	193,106	45,433
Dividends paid	(150,000)	(100,000)
Interest paid	(29,258)	(21,542)
Net cash used in financing activities	1,978	(91,559)
Net (decrease) in cash and cash equivalents	(1,353)	(96,136)
Cash and cash equivalents at beginning of year	149,808	245,944
Cash and cash equivalents at the end of year	148,455	149,808
Cash at bank and in hand	148,455	149,808

The notes on pages 11 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The company is a private limited company, incorporated in the United Kingdom, registered office Unit 3B, Deacon Trading estate, Aylesford, Kent, ME20 7SP with the registered number 02555629. The principal activity of Qualitex Supplies Limited is the distribution of shower and bathroom equipment which is sold via builder's merchants and bathrooms studios throughout the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

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

Sale of goods

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

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

2.3 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	-	10%	Over the life of the lease
Motor vehicles	-	20%	Straight line
Fixtures and fittings	-	20%	Straight line

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

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

2.4 Stocks

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

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

Cost includes direct costs of delivery to the company.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. The company does not currently hold cash equivalents.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties.

2.8 Creditors

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

2.9 Foreign currency translation

Functional and presentational currency

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.12 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

Depreciation and residual values

Tangible fixed assets are depreciated over the course of their useful economic lives to their residual balances. The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Trade Debtors

The Directors have reviewed trade receivables at the end of the year, to consider the risk that these debts may not be recoverable and hence could be impaired. This impairment review is used to calculate the level of provisioning against trade receivables. The impairment review is based on the Director's best estimates of the likelihood of debt recovery and considers factors such as the company's relationship with the customer, the age of the debt, credit rating data and experience of recent transactions with the customer.

Stock

Stock is valued at the lower of cost and net realisable value, which requires management to consider the carrying value of slow moving or damaged stock. In making this assessment and when calculating the value of any impairment provisions, the Directors must consider the likelihood that particular stock lines can be sold and must assess the future selling prices of stock lines. These assessments are based on the Directors judgements of future sales levels and prices which are both subject to uncertainty

4. Turnover

All turnover arose within the United Kingdom.

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	97,406	80,432
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,250	14,500
- All other services	5,000	4,750
- Taxation compliance services	1,750	1,500
Exchange differences	(89,428)	(35,408)
	<u> </u>	<u> </u>

6. Employees

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

	2018 £	2017 £
Wages and salaries	2,461,899	2,272,985
Social security costs	262,583	233,301
Cost of defined contribution scheme	24,032	13,094
	<u> </u>	<u> </u>
	<u>2,748,514</u>	<u>2,519,380</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £24,032 (2017: £13,094).

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

2018 No.	2017 No.
79	80
<u> </u>	<u> </u>

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	580,521	488,846
Company contributions to defined contribution pension schemes	2,222	1,545
	<u>582,743</u>	<u>490,391</u>

During the year retirement benefits were accruing to 3 Directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £407,857 (2017 - £280,189).

Directors remuneration is considered to represent the key management personnel compensation in total.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	55	26
	<u>55</u>	<u>26</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	29,258	21,542
Finance leases and hire purchase contracts	5,947	9,154
	<u>35,205</u>	<u>30,696</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	60,024	72,394
Adjustments in respect of previous periods	(721)	-
	<u>59,303</u>	<u>72,394</u>
Taxation on profit on ordinary activities		
	<u>59,303</u>	<u>72,394</u>

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	259,009	284,350
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	49,212	54,728
Effects of:		
Expenses not deductible for tax purposes	13,551	12,908
Capital allowances for year in excess of depreciation	759	798
Adjustments to tax charge in respect of prior periods	(721)	-
Other differences leading to an increase/(decrease) in the tax charge	(3,498)	3,960
Total tax charge for the year	59,303	72,394

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2018 £	2017 £
Dividends paid	150,000	100,000

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2018	47,800	287,172	373,063	708,035
Additions	-	52,272	14,108	66,380
Disposals	-	(31,626)	-	(31,626)
At 31 December 2018	47,800	307,818	387,171	742,789
Depreciation				
At 1 January 2018	27,284	129,298	327,147	483,729
Charge for the year on owned assets	9,564	62,760	25,082	97,406
Disposals	-	(31,626)	-	(31,626)
At 31 December 2018	36,848	160,432	352,229	549,509
Net book value				
At 31 December 2018	10,952	147,386	34,942	193,280
At 31 December 2017	20,516	157,874	45,916	224,306

Motor vehicles with a net book value of £144,041 (2017: £157,874) were held under hire purchase contracts. Depreciation of £55,704 (2017: £47,427) was charged on the assets.

13. Stocks

	2018 £	2017 £
Finished goods and goods for resale	2,295,541	2,035,092
	<u>2,295,541</u>	<u>2,035,092</u>

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Debtors

	2018 £	2017 £
Trade debtors	1,552,266	1,678,880
Other debtors	2,164	-
Prepayments and accrued income	129,718	178,343
	<u>1,684,148</u>	<u>1,857,223</u>

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	148,455	149,808
	<u>148,455</u>	<u>149,808</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,224,011	1,426,813
Corporation tax	60,024	72,394
Other taxation and social security	380,108	345,808
Obligations under finance lease and hire purchase contracts	46,172	45,459
Overdraft facility	778,386	585,280
Other creditors	14,846	12,262
Accruals and deferred income	115,557	46,752
Financial instruments	-	52,404
	<u>2,619,104</u>	<u>2,587,172</u>

The secured overdraft facility is secured against the company's debtors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	51,539	64,122
Accruals and deferred income	52,737	66,797
	<u>104,276</u>	<u>130,919</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	46,172	45,459
Between 1-2 years	28,393	39,557
Between 2-5 years	23,147	24,565
	<u>97,712</u>	<u>109,581</u>

The hire purchase agreements disclosed above generally included fixed lease payments and purchase options at the end of the lease term.

19. Financial instruments

	2018 £	2017 £
Financial assets		
Cash at bank and in hand	148,455	149,808
Financial assets measured at amortised cost	<u>1,554,430</u>	<u>1,678,880</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	-	(52,404)
Financial liabilities measured at amortised cost	<u>(876,097)</u>	<u>(694,861)</u>

Financial assets measured at amortised cost comprise trade debtors and other receivables.

Financial liabilities measured at amortised cost comprise hire purchase and overdraft liabilities.

QUALITEX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Financial Risk Management

The group has exposures to three main areas of risk - liquidity risk, foreign exchange risk and customer credit exposure.

Customer credit exposure

The majority of the company's sales are made on credit and therefore there is a risk that the company may be at risk should customers be unable to repay debts. Management seek to mitigate this risk through a variety of procedures and systems including the use of credit checks & references, a dedicated credit control team, regular monitoring and the use of credit insurance.

Foreign exchange risk

The company makes purchases from suppliers based overseas and therefore faces some degree of foreign exchange risk. Management mitigate this risk by reviewing exchange rates on an ongoing basis and have put in place systems and controls, such as the use of forward contracts to minimise the company's exposure to exchange rate fluctuations.

Liquidity risk

The company manages its working capital so as to meet all financial obligations as they fall due and optimise working capital flows. The company primarily funds its obligations through operating cash flows but uses finance lease facilities for capital expenditure. Management monitor cash flows against forecasts and carefully review expenditure to ensure that the company is able to meet obligations in a timely manner. Additional secured overdraft facilities are available to meet short term requirements.

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
50,000 (2017 - 50,000) Ordinary shares of £1.00 each	50,000	50,000

22. Reserves**Profit and loss account**

The Profit and Loss reserve represents the accumulated retained profits over the years of trading.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £24,032 (2017 - £13,094).

QUALITEX SUPPLIES LIMITED

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

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	451,106	451,106
Later than 1 year and not later than 5 years	1,737,389	1,097,509
Later than 5 years	166,667	437,500
	<u>2,355,162</u>	<u>1,986,115</u>

25. Controlling party

The directors consider that D. E. Andrews is the ultimate controlling party.