

Registered number: 04140677

## THE DERITEND GROUP LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2016

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**THE DERITEND GROUP LIMITED**

**COMPANY INFORMATION**

**Directors**

R K Hale  
S Smith

**Registered number**

04140677

**Registered office**

Cyprus Street  
Off Upper Villiers Street  
Wolverhampton  
West Midlands  
WV2 4PB

**Independent auditors**

PKF Cooper Parry Group Limited  
Chartered Accountants & Statutory auditor  
8 Calthorpe Road  
Edgbaston  
Birmingham  
West Midlands  
B15 1QT

# THE DERITEND GROUP LIMITED

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**THE DERITEND GROUP LIMITED**

**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2016**

**Introduction**

The Deritend Group is a UK leading provider of electro mechanical energy efficient asset management, maintenance and repair activities

The company provides specialist services for organisations across a wide range of industries to include water, power, metals, waste recycling, food and beverage and facilities management

For further details please visit the company's website [www.deritend.co.uk](http://www.deritend.co.uk).

**Business review**

During 2016 the company continued to focus on its core propositions and capabilities. The process of stabilising financial performance remained on-going, resulting in a modest improvement in operating profit on 2015.

During the year the company was successful in both retaining and securing several large contracts within the UK utilities industry.

The company now has a cost base from which to build on these core capabilities and opportunities to generate growth and improved profitability in 2017.

**Principal risks and uncertainties**

The company undertakes a continuous review of its principal risks and uncertainties and acts accordingly in a timely manner to minimise adverse risk.

Financial risk management objectives and policies

These risks are managed by the strict control of costs and close monitoring of our customer and supply chain.

Debtors

The overall risk from debtors is managed by the company credit control team with a series of key performance indicators monitored such as credit limits, debtor days and stock at risk. Use is also made of third party risk assessments where appropriate. No transactions of a speculative nature are undertaken. The main risk arising from the company's financial instruments is its credit risk.

Competition and supply risk

The directors of the company are consciously managing competition risk through close attention to customer service levels. The directors also ensure that its offering is competitive through a detailed knowledge of our products and customer base.

Financial risk

The company has monthly budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risks. A strategy is in place to develop profitable accounts across various sectors which spreads our financial risk accordingly.

**Financial key performance indicators**

Though sales reduced in 2016, due in part to contracting activities being discontinued, the company showed an improvement in gross margin and further reduction on operating expenses.

**THE DERITEND GROUP LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

**Other key performance indicators**

The company continues to maintain all of its BSI and other accreditations to enable it to compete successfully in its chosen markets.

During 2016 there were four BSI on-going surveillance assessments for ISO9001, ISO14001 and ISO18001.

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

**R K Hale**  
Director

A handwritten signature in black ink, appearing to be 'R K Hale', written over a horizontal line.

Date:

## THE DERITEND GROUP LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2016

The directors present their report and the financial statements for the Period ended 30 November 2016.

#### 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;
- 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 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.

#### Results and dividends

The profit for the year after taxation amounts to £51,000 (2015: £2,674,000 (11 month period)).

The dividends paid during the year amounted to £60,000 (2015: £Nil).

#### Directors

The directors who served during the year are as stated on the company information page.

#### Future developments

The directors do not foresee any changes to the principal activity of the company.

#### 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.

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

R K Hale  
Director



Date:

## **THE DERITEND GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DERITEND GROUP LIMITED**

We have audited the financial statements of The Deritend Group Limited for the period ended 30 November 2016, set out on pages 6 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 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'.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2016 and of its profit or loss for the period 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements.

**THE DERITEND GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DERITEND GROUP LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

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.

Ross Cocker (Senior statutory auditor)

for and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants

Statutory auditor

8 Calthorpe Road

Edgbaston

Birmingham

West Midlands

B15 1QT

Date:

THE DERITEND GROUP LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

		30 November 2016 £000	11 months ended 30 November 2015 £000
	Note		
Turnover	3	10,271	11,263
Cost of sales		(6,163)	(6,911)
<b>Gross profit</b>		<u>4,108</u>	<u>4,352</u>
Administrative expenses		(4,013)	(4,145)
Other operating income		150	-
Exceptional other operating charges		(90)	(141)
<b>Operating profit</b>	4	<u>155</u>	<u>66</u>
Amounts written off investments		-	2,632
Interest payable and expenses	7	(51)	(64)
<b>Profit before tax</b>		<u>104</u>	<u>2,634</u>
Tax on profit	8	(93)	40
<b>Profit for the Period</b>		<u><u>11</u></u>	<u><u>2,674</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 9 to 23 form part of these financial statements.

**THE DERITEND GROUP LIMITED**  
**REGISTERED NUMBER: 04140677**

**BALANCE SHEET**  
**AS AT 30 NOVEMBER 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Intangible assets	9	1,077	1,191
Tangible assets	10	868	1,373
Investments	11	1	1
		<u>1,946</u>	<u>2,565</u>
<b>Current assets</b>			
Stocks	12	1,168	1,234
Debtors: amounts falling due within one year	13	2,261	2,503
Cash at bank and in hand		99	57
		<u>3,528</u>	<u>3,794</u>
Creditors: amounts falling due within one year	14	(1,932)	(2,764)
<b>Net current assets</b>		<u>1,596</u>	<u>1,030</u>
<b>Total assets less current liabilities</b>		<u>3,542</u>	<u>3,595</u>
Creditors: amounts falling due after more than one year	15	(18)	(7)
<b>Provisions for liabilities</b>			
Deferred tax	17	(171)	(54)
<b>Net assets</b>		<u><u>3,353</u></u>	<u><u>3,534</u></u>
<b>Capital and reserves</b>			
Called up share capital		250	250
Revaluation reserve		-	132
Profit and loss account		3,103	3,152
		<u><u>3,353</u></u>	<u><u>3,534</u></u>

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

**R K Hale**  
 Director



Date: \_\_\_\_\_

The notes on pages 9 to 23 form part of these financial statements.

**THE DERITEND GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 December 2015	250	132	3,152	3,534
Profit for the Period	-	-	11	11
Dividends: Equity capital	-	-	(60)	(60)
Transfer on disposal	-	(132)	-	(132)
<b>At 30 November 2016</b>	<u>250</u>	<u>-</u>	<u>3,103</u>	<u>3,353</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 NOVEMBER 2015**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	250	135	475	860
Profit for the period	-	-	2,674	2,674
Difference between historical cost depreciation charge and the actual depreciation charge for the revalued amount.	-	(3)	3	-
<b>At 30 November 2015</b>	<u>250</u>	<u>132</u>	<u>3,152</u>	<u>3,534</u>

The notes on pages 9 to 23 form part of these financial statements.

## THE DERITEND GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Deritend Group Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page. These financial statements are prepared in sterling (£) which is the functional currency of the company. The financial statements are for the year ended 30 November 2016 (2015: 11 months ending 30 November 2015).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

##### 1.2 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.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 1.3 Disclosure exemptions

As permitted by FRS 102 section 1.12, the group has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a statement of cash flows and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Hale Group Limited. The group accounts for Hale Group Limited are publicly available and can be obtained as set out in note 21.

## THE DERITEND GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

#### 1. Accounting policies (continued)

##### 1.4 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill	-	20	years
Development expenditure	-	5	years

##### 1.5 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.

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:

Freehold property	- 50 years
Long term leasehold property	- over the period of the lease
Plant and machinery	- between 2 and 10 years

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.

##### 1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

## THE DERITEND GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

#### 1. Accounting policies (continued)

##### 1.7 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.

##### 1.8 Financial instruments

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

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

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

##### 1.9 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 1.10 Operating leases

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

##### 1.11 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.

##### 1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation.

## **THE DERITEND GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016**

#### **1. Accounting policies (continued)**

##### **1.13 Taxation**

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 tax 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 probably 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 the associated tax allowances have been met.

##### **1.14 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

## THE DERITEND GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

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

Management make estimates and assumptions concerning the future, they are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

In preparing these financial statements, management have made the following judgments:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements.

The following are the company's key sources of estimation uncertainty:

##### **Carrying value of stocks**

Management review the raw material costs on a periodic basis. The stock is then revalued to ensure it is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

##### **Recoverability of trade debtors**

Trade and other receivables are recognised to the extent that they are judged recoverable. Management review is performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the statement of comprehensive income.

##### **Goodwill and intangible assets**

The company establishes a reliable estimate of the useful life of goodwill and intangibles assets arising on business combinations. The estimate is based on a variety of factors such as expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

3. Turnover

Analysis of turnover by country of destination:

	30 November 2016 £000	11 months ended 30 November 2015 £000
United Kingdom	10,271	11,252
Rest of Europe	-	2
Rest of the world	-	8
	<u>10,271</u>	<u>11,262</u>

4. Operating profit

The operating profit is stated after charging:

	30 November 2016 £000	11 months ended 30 November 2015 £000
Depreciation of tangible fixed assets	112	128
Amortisation of intangible assets	114	106
Defined contribution pension cost	109	130
Auditors remuneration	9	9
Operating lease rentals	384	422
	<u>384</u>	<u>422</u>

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

5. Employees

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

	30 November 2016 £000	11 months ended 30 November 2015 £000
Wages and salaries	3,766	3,810
Social security costs	359	374
Cost of defined contribution scheme	109	130
	<u>4,234</u>	<u>4,314</u>

The average monthly number of employees, including the directors, during the Period was as follows:

	30 November 2016 No.	11 months ended 30 November 2015 No.
Weekly Staff	82	93
Monthly Staff	41	48
	<u>123</u>	<u>141</u>

6. Directors' remuneration

	30 November 2016 £000	11 months ended 30 November 2015 £000
Directors' emoluments	130	117
Pension contributions	8	24
	<u>138</u>	<u>141</u>

During the Period retirement benefits were accruing to no directors (2015 -2) in respect of defined contribution pension schemes.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

7. Interest payable and similar charges

	30 November 2016 £000	11 months ended 30 November 2015 £000
Other loan interest payable	48	61
Finance leases and hire purchase contracts	3	3
	<u>51</u>	<u>64</u>

8. Taxation

	30 November 2016 £000	11 months ended 30 November 2015 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(24)	(40)
<b>Total current tax</b>	<u>(24)</u>	<u>(40)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	117	-
<b>Total deferred tax</b>	<u>117</u>	<u>-</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>93</u>	<u>(40)</u>

**THE DERITEND GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

**8. Taxation (continued)**

**Factors affecting tax charge for the period/period**

The tax assessed for the period is higher than (2015 -lower than) the standard rate of corporation tax in the UK of 20% (2015 -20.27%). The differences are explained below:

	30 November 2016 £000	11 months ended 30 November 2015 £000
Profit on ordinary activities before tax	104	2,634
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.27%)	21	534
<b>Effects of:</b>		
Deferred tax not recognised	124	-
Adjustment to closing deferred tax to average rate of 20%	(30)	-
Non-tax deductible amortisation of goodwill and impairment	-	22
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	19
Capital allowances for Period/period in excess of depreciation	(4)	11
Utilisation of tax losses	-	(52)
Adjustments to tax charge in respect of prior periods	(24)	(40)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(534)
<b>Total tax charge for the Period/period</b>	<b>93</b>	<b>(40)</b>

**Factors that may affect future tax charges**

The company has approximately £125,644 of tax losses available to offset against future profits.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

9. Intangible assets

	Goodwill £000
<b>Cost</b>	
At 1 December 2015	2,180
At 30 November 2016	<u>2,180</u>
<b>Amortisation</b>	
At 1 December 2015	989
Charge for the year	<u>114</u>
At 30 November 2016	<u>1,103</u>
<b>Net book value</b>	
At 30 November 2016	<u><u>1,077</u></u>
At 30 November 2015	<u><u>1,191</u></u>

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2016

10. Tangible fixed assets

	Freehold property £000	Plant & machinery, fixtures & fittings and motor vehicles £000	Long Term Leasehold Property £000	Total £000
<b>Cost or valuation</b>				
At 1 December 2015	939	1,455	489	2,883
Additions	-	45	-	45
Disposals	(460)	(52)	-	(512)
At 30 November 2016	479	1,448	489	2,416
<b>Depreciation</b>				
At 1 December 2015	36	1,215	259	1,510
Charge for the period on owned assets	11	56	45	112
Disposals	(22)	(52)	-	(74)
At 30 November 2016	25	1,219	304	1,548
<b>Net book value</b>				
At 30 November 2016	454	229	185	868
At 30 November 2015	903	240	230	1,373

The brought forward revaluation reserve related to the freehold property which was disposed of during the period.

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

	2016 £000	2015 £000
Plant and machinery	34	39
Motor vehicles	22	-
	56	39

**THE DERITEND GROUP LIMITED**

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**11. Fixed asset investments**

	<b>Listed investments £000</b>
<b>Cost or valuation</b>	
At 1 December 2015 and 30 November 2016	<u>1</u>
<b>Net book value</b>	
At 1 December 2015 and 30 November 2016	<u><u>1</u></u>

The fair value of the listed investments at 30 November 2016 was £347 (2015: £438).

**12. Stocks**

	<b>2016 £000</b>	<b>2015 £000</b>
Raw materials and consumables	158	164
Work in progress (goods to be sold)	454	508
Finished goods and goods for resale	556	563
	<u>1,168</u>	<u>1,235</u>

Stock recognised in cost of sales during the period as an expense was £3,662,214 (2015: £4,723,221).

An impairment loss of £9,627 (2015: £17,667k) was recognised in cost of sales against stock during the year due to slow moving, obsolete stock.

**13. Debtors**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade debtors	2,039	2,332
Other debtors	72	23
Prepayments and accrued income	126	148
Tax recoverable	24	-
	<u>2,261</u>	<u>2,503</u>

An impairment loss of £14,922 (2015: £1,862) was recognised in administrative expenses against trade debtors during the year.

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**14. Creditors: Amounts falling due within one year**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade creditors	1,091	1,355
Taxation and social security	269	271
Obligations under finance lease and hire purchase contracts	5	10
Proceeds of factored debts	362	805
Other creditors	135	254
Accruals and deferred income	70	69
	<u>1,932</u>	<u>2,764</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The factors debts are secured against the trade debtors to which they relate.

**15. Creditors: Amounts falling due after more than one year**

	<b>2016 £000</b>	<b>2015 £000</b>
Net obligations under finance leases and hire purchase contracts	<u>18</u>	<u>7</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

**16. Hire purchase & finance leases**

	<b>2016 £000</b>	<b>2015 £000</b>
Within 1 year	5	10
Between 1-2 years	8	4
Between 2-5 years	10	3
	<u>23</u>	<u>17</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Deferred taxation**

	<b>2016 £000</b>
At beginning of year	(54)
Charged to profit or loss	(117)
<b>At end of year</b>	<b>(171)</b>

The provision for deferred taxation is made up as follows:

	<b>2016 £000</b>
Fixed asset timing differences	(196)
Short term timing differences	2
Losses and other deductions	23
	<b>(171)</b>

**18. Pension commitments**

The company contributes to a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £109,000 (2015: £130,000). At the year end an amount of £20,000 (2015: £20,000) was unpaid and included in other creditors.

**19. Commitments under operating leases**

At 30 November 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Later than 1 year and not later than 2 years	173	60
Later than 2 year and not later than 5 years	467	402
Later than 5 years	-	27
	<b>640</b>	<b>489</b>

**20. Related party transactions**

The company has taken advantage of the exemption provided by FRS102 (section 33.1A) not to disclose transactions with wholly owned group companies on the basis that consolidated financial statements including this company are publicly available.

**THE DERITEND GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Controlling party**

The ultimate parent company was Hale Group, a company incorporated in Great Britain. Copies of the ultimate parent company's consolidated financial statements are available from the registered office.

The ultimate controlling party is Richard Hale.