

Registered number: 04140677

THE DERITEND GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

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THE DERITEND GROUP LIMITED

COMPANY INFORMATION

Director	R K Hale
Registered number	04140677
Registered office	Hales Park Brandon Way West Bromwich West Midlands B70 9DB
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

THE DERITEND GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Director's report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

THE DERITEND GROUP LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020

Introduction

Deritend is a UK provider of engineering asset management, maintenance and repair solutions. We provide bespoke specialist services for organisations across industries including utilities, power, metals, food and beverage, automotive, mining and quarrying and petrochemicals, as well as the public sector.

Our services provide quantifiable benefits for our customers, avoiding down-time and improving operating efficiency. In addition the company has a division specialising in the manufacture, supply and installations of structural fabrications as well as a specialist division manufacturing and repairing Induction heating equipment for the hot metals industry.

Business review

The company performed satisfactorily during 2020 considering the impact of the global pandemic. This reinforces its strategy to continue to develop key sustainable markets including utilities, food and beverage.

During the course of the year the company utilised the government initiative of the Furlough scheme which has enabled us to contain our non-productive costs and retain skills for the future.

The company continues its preparation to relocate its Wolverhampton service centre and Head office to our West Bromwich location which is undergoing extensive refurbishment and investment thus providing a single Midlands centre of excellence. This will provide a more efficient, cost effective one-site operation in the Midlands and will complement our Northern and Southern regional facilities.

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 customers 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 director of the company is consciously managing competition risk through close attention to customer service levels. The director also ensures that its offering is competitive through a detailed knowledge of the company's 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

THE DERITEND GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2020

Financial key performance indicators

Like many other businesses, The Deritend Group was impacted by the Coronavirus pandemic in 2020.

The company saw a reduction in sales of 10%, however gross margin increased slightly and with support through the Job Retention Scheme non-productive costs were managed in line with the reduction in sales.

A key performance indicator for 2021 will be to recover sales and generate further growth in order to reduce government support and retain staff for the future.

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.

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



R K Hale
Director

Date: 12th July 2021.

THE DERITEND GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 NOVEMBER 2020

The director presents his report and the financial statements for the year ended 30 November 2020.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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, amounted to £470 (2019: £).

The dividends paid during the year amounted to £Nil (2019: £Nil).

Director

The director who served during the year is stated on the company information page.

Future developments

The director does not foresee any changes to the principal activity of the company.

THE DERITEND GROUP LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2020**

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

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

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

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



R K Hale
Director

Date: 12th July 2021

THE DERITEND GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DERITEND GROUP LIMITED

Opinion

We have audited the financial statements of The Deritend Group Limited (the 'company') for the year ended 30 November 2020, which comprise the Profit and loss account, the Balance sheet, 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 30 November 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

THE DERITEND GROUP LIMITED

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

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's 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 director's 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 Director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE DERITEND GROUP LIMITED

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

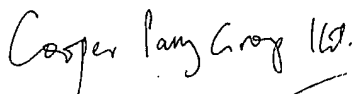
Auditor's responsibilities for the audit of the financial statements

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

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

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.



Daniel Parker (Senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 20 July 2021

THE DERITEND GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	9,455	10,529
Cost of sales		(5,641)	(6,327)
Gross profit		<u>3,814</u>	<u>4,202</u>
Administrative expenses		(4,041)	(4,061)
Other operating income	4	468	-
Operating profit	5	<u>241</u>	<u>141</u>
Interest payable and expenses	8	(25)	(28)
Profit before tax		<u>216</u>	<u>113</u>
Tax on profit	9	254	116
Profit for the financial year		<u><u>470</u></u>	<u><u>229</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 11 to 26 form part of these financial statements.

THE DERITEND GROUP LIMITED
REGISTERED NUMBER: 04140677

BALANCE SHEET
AS AT 30 NOVEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	656	760
Tangible assets	11	651	730
Investments	12	1	1
		<u>1,308</u>	<u>1,491</u>
Current assets			
Stocks	13	1,156	1,267
Debtors: amounts falling due within one year	14	2,844	2,677
Cash at bank and in hand		931	59
		<u>4,931</u>	<u>4,003</u>
Creditors: amounts falling due within one year	15	(2,238)	(1,938)
Net current assets		<u>2,693</u>	<u>2,065</u>
Total assets less current liabilities		<u>4,001</u>	<u>3,556</u>
Provisions for liabilities			
Deferred tax	16	(61)	(86)
Net assets		<u><u>3,940</u></u>	<u><u>3,470</u></u>
Capital and reserves			
Called up share capital	17	250	250
Profit and loss account	18	3,690	3,220
		<u><u>3,940</u></u>	<u><u>3,470</u></u>

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


R K Hale
 Director

12th July 2021

The notes on pages 11 to 26 form part of these financial statements.

THE DERITEND GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Shareholder s' funds £000
At 1 December 2018	250	2,991	3,241
Profit for the year	-	229	229
At 1 December 2019	250	3,220	3,470
Profit for the year	-	470	470
At 30 November 2020	250	3,690	3,940

The notes on pages 11 to 26 form part of these financial statements.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The Deritend Group Limited 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.

The financial statements are presented in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 30 November 2020 (2019: year ended 30 November 2019).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard FRS 102 (FRS102), 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 group management to exercise judgement in applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

1.2 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 Haler Group Limited. The group accounts for Haler Group Limited are publicly available and can be obtained as set out in note 23.

1.3 Going concern

The financial statements have been prepared on a going concern basis, which the director considers to be appropriate on the basis of comments made in his strategic report. The director is confident that company will continue in business for a period of at least 12 months following the date of signing these financial statements.

The COVID19 pandemic has impacted the world economy, with unprecedented lockdowns, government support and restrictions on the movement of people and goods. The company has traded throughout a number of national and local lockdown and demonstrated the robustness of its business model throughout 2020 even with the impact of the COVID19 pandemic, allowing it to generate a profit before tax of £216k and be in a net asset position of £3,940k. Forecasts for 12 months from the date of approval of these financial statements show a continuation of strong trading and cashflow positions, even with the continued impact of COVID19 and the uncertainty around Brexit.

On this basis the director is confident that the company has adequate resources to continue in operation for the 12 months from the date of approval of these financial statements and has therefore adopted the going concern basis in preparing the financial statements.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1. Accounting policies (continued)

1.4 Turnover

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

Sale of goods

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

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

Rendering of services

Turnover 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 turnover 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.

1.5 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 Profit and loss account 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 ten years.

The estimated useful lives range as follows:

Goodwill	-	5	years
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THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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:

Long-term leasehold property	- over the period of the lease
Plant and machinery, fixtures & fittings and motor vehicles	- 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 profit or loss.

1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

1.8 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.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1. Accounting policies (continued)

1.11 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 and other third parties and loans to related parties.

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

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

1.12 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.

1.13 Leasing and hire purchase

Assets that are held by the company under leases which transfer substantially all the risk and rewards of ownership are classified as being held under hire purchase or finance lease. Leases which do not transfer substantially all the risk and rewards of ownership are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts and finances leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.14 Pensions

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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1. Accounting policies (continued)

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.16 Taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

Deferred tax is calculated using the tax rates and laws that have been enacted to substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

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

Management make estimates and assumptions concerning the future, they are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations 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 judgements:

Leases

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.

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 provisions 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 director specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for the doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the change in the Profit and loss account.

Goodwill and intangible assets

The company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. The estimate is based on a variety of factors such as the 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.

3. Turnover

The whole of the turnover is attributable to the principal activity of the company and arises solely within the United Kingdom.

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

4. Other operating income

	2020	2019
	£000	£000
Furlough income	468	-
	<u>468</u>	<u>-</u>

The above income relates to government grants receivable in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	153	165
Exchange differences	105	107
Other operating lease rentals	525	544
Share based payment	16	14
	<u>799</u>	<u>830</u>

6. Employees

Staff costs, including director's remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	3,547	3,866
Social security costs	313	357
Pension costs	108	109
	<u>3,968</u>	<u>4,332</u>

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

	2020	2019
	No.	No.
Weekly Staff	75	73
Monthly Staff	33	37
	<u>108</u>	<u>110</u>

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

7. Director's remuneration

	2020	2019
	£000	£000
Director's emoluments	34	70
	<u>34</u>	<u>70</u>

8. Interest payable and similar expenses

	2020	2019
	£000	£000
Other loan interest payable	23	26
Finance leases and hire purchase contracts	2	2
	<u>25</u>	<u>28</u>
	<u>25</u>	<u>28</u>

9. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	-	26
Adjustments in respect of previous periods	(229)	(142)
Total current tax	<u>(229)</u>	<u>(116)</u>
Deferred tax		
Origination and reversal of timing differences	66	23
Adjustments in respect of prior periods	(91)	(23)
Total deferred tax	<u>(25)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(254)</u>	<u>(116)</u>

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	217	113
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	41	21
Effects of:		
Expenses not deductible for tax purposes	5	11
Capital allowances for year in excess of depreciation	20	20
Adjustment to deferred tax average rate of 19% (2018: 19%)	-	(3)
Adjustments to tax charge in respect of previous periods	(229)	(142)
Adjustments to tax charge in respect of previous periods - deferred tax	(91)	(23)
Total tax charge for the year	(254)	(116)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

10. Intangible assets

	Goodwill £000
Cost	
At 1 December 2019	2,182
At 30 November 2020	<u>2,182</u>
Amortisation	
At 1 December 2019	1,421
Charge for the year on owned assets	105
At 30 November 2020	<u>1,526</u>
Net book value	
At 30 November 2020	<u><u>656</u></u>
At 30 November 2019	<u><u>760</u></u>

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

11. Tangible fixed assets

	Plant and machinery, fixtures & fittings and motor vehicles £000	Long-term leasehold property £000	Total £000
Cost			
At 1 December 2019	1,512	656	2,168
Additions	63	10	73
Disposals	(137)	(263)	(400)
At 30 November 2020	1,438	403	1,841
Depreciation			
At 1 December 2019	969	468	1,437
Charge for the year on owned assets	102	51	153
Disposals	(137)	(263)	(400)
At 30 November 2020	934	256	1,190
Net book value			
At 30 November 2020	504	147	651
At 30 November 2019	543	187	730

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

	2020 £000	2019 £000
Plant and machinery	-	4
Motor vehicles	37	17
	37	21

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

12. Fixed asset investments

	Investments £000
Cost or valuation	
At 1 December 2019	1
At 30 November 2020	<u>1</u>

The investment value of £700 is made up of listed investments of £600 (2019: £600) and investments in subsidiaries of £100 (2019: £100).

The fair value of the listed investments at 30 November 2020 was £214 (2019: £367).

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
RMB Engineering Services Limited	Hales Park, Brandon Way, West Bromwich, B70 9DB	Ordinary	100%

RMB Engineering Services Limited made £Nil (2019: £Nil) profit in the year and has net assets of £2 (2019: £2) at year end.

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

13. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	105	156
Work in progress	680	701
Finished goods and goods for resale	371	410
	<u>1,156</u>	<u>1,267</u>

Stock recognised in cost of sales during the year as an expense was £3,883k (2019: £4,114k).

An impairment loss of £73k (2019: £66k) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

14. Debtors

	2020	2019
	£000	£000
Trade debtors excluding factored debts	2,354	2,195
Factoring of debts	52	138
Other debtors	300	84
Prepayments and accrued income	117	148
Tax recoverable	21	112
	<u>2,844</u>	<u>2,677</u>

An impairment loss of £11k (2019: £20k) was recognised in administrative expenses against aged trade debtors during the year.

Amounts included within trade debtors at the year end that are subject to invoice discounting arrangements total £2,354k (2019: £2,213k).

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

15. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	1,017	1,106
Other taxation and social security	570	253
Obligations under finance lease and hire purchase contracts	37	21
Other creditors	480	437
Accruals and deferred income	134	121
	<u>2,238</u>	<u>1,938</u>

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

16. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	(86)	(86)
Charged to the profit and loss account	25	-
At end of year	<u>(61)</u>	<u>(86)</u>

THE DERITEND GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	86	88
Tax losses carried forward	(11)	(1)
Short term timing differences	(14)	(1)
	<u>61</u>	<u>86</u>

17. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
250,000 (2019 - 250,000) ordinary shares of £1 each	<u>250</u>	<u>250</u>

18. Reserves

Profit and loss account

The profit and loss account represents accumulated profit and losses for the period ended and prior periods less dividends paid.

19. Capital commitments

At 30 November 2020 the company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	<u>15</u>	<u>-</u>

20. 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 £108k (2019: £109k). At the year end an amount of £20k (2019: £21k) was unpaid and included in other creditors.

THE DERITEND GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

21. Commitments under operating leases

At 30 November 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Not later than 1 year	344	266
Later than 1 year and not later than 5 years	1,037	315
Later than 5 years	826	237
	<u>2,207</u>	<u>818</u>

22. 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.

Included within other debtors is an amount of £70k (2019: £70k) owed to the company from a director of the company. The amount is repayable on demand and attracts interest at a market rate.

During the year, the company paid rent to a company under common ownership of £56k (2019: £56k) and received management charges of £7k (2019: £7k).

During the year the company recharged utility bills of £78k (2019: £100k) to a company under common ownership and was recharged £71k (2019: £54k) by a company under common ownership.

The amount due to companies under common control at the balance sheet date is £372k (2019: £365k) and is included within other creditors.

23. Controlling party

The immediate parent company is Hale Group Limited (company registration number 09667937), a company incorporated in the United Kingdom. The ultimate parent company is Haler Group Limited (company registration number 10556204), a company also incorporated in the United Kingdom. Copies of the ultimate parent company's consolidated financial statements are available from the registered office.

The ultimate controlling party is Richard Hale.