Registration number: 04331572

Abacus Direct Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Murray Harcourt Limited
6 Queen Street
Leeds
West Yorkshire
LS1 2TW

Abacus Direct Limited

Contents

Abacus Direct Limited

Company Information

Directors	I D Pattison
Registered office	Abacus House Jubilee Court Copgrove Harrogate North Yorkshire HG3 3TB
Auditors	Murray Harcourt Limited 6 Queen Street Leeds West Yorkshire LS1 2TW

Abacus Direct Limited

Strategic Report for the Year Ended 31 December 2020

The Director presents his strategic report for the year ended 31 December 2020.

Principal activity
The principal activity of the Company is Distributor and manufacturer of bathrooms

Fair review of the business
Trading conditions improved during the period, with growth continuing to come from key customers and diversification.

The construction and own label markets continued to show signs of improvement in 2019. The business continues to invest in technology to improve manufacturing processes and increase efficiency with a view to grow revenue as well as profit in the coming year. The Company's strategic alliance with a number of its key customers continues to positively impact the company's results.

The Company's key financial performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£	15,918,904	13,544,532
Operating profit	£	1,808,437	512,807

Principal risks and uncertainties
The principal risks identified are credit risk, foreign exchange risk and liquidity risk. Further details regarding these risks and the measures taken to mitigate their impact is provided in the Directors' Report.

In addition, the current economic climate, the Covid-19 pandemic and the impact of the UK's exit from the EU create uncertainty and could potentially impact on the level of disposable income and global raw material costs. The directors will continue to closely monitor the position, in order to ensure that the Company is well placed to take advantage of any opportunities that may arise.

Approved by the director on 9/20/2021 and signed on its behalf by:

DocuSigned by:
Ian Pattison
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I D Pattison
Director

Abacus Direct Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the Company

The Directors who held office during the year were as follows:

I D Pattison

S P Bradbury (Resigned 10 March 2020)

Dividends

Details of dividends paid in the year are disclosed in note 24. The Directors do not recommend the payment of a final dividend.

Financial instruments

Objectives and policies

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors, loans and confidential invoice discounting. The main purpose of these instruments is to finance the business' operations.

Credit risk, foreign exchange risk and liquidity risk

Credit risk arises from customers failing to meet their obligation under contracts of sale to pay. In order to minimise this risk, deferred terms are only granted to those customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk arises from the difficulties the Company may face in meeting obligations under financial liabilities as they fall due. The Company mitigates liquidity risk by using long, medium and short term forecasts, applying cash collection targets and utilisation of full trading terms with its suppliers.

Foreign currency risk arises because the Company purchases products from overseas. The Company mitigates this risk through the use of import loans.

Disclosure of information to the auditors

The Director has taken steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

9/20/2021

Approved by the director on .... and signed on its behalf by:

DocuSigned by:

Ian Pattison

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I D Pattison

Director

Abacus Direct Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless 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 Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent Auditor's Report to the Members of Abacus Direct Limited

Opinion

We have audited the financial statements of Abacus Direct Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

It is not possible to predict with certainty the potential impact of future developments in both the company's trading environment or in the broader economy. Because of this, the above statements should not be interpreted as a guarantee that the company will continue to operate as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of the directors on procedures relating to their processes for identifying, evaluating and complying with laws and regulations and for detecting and responding to the risks of fraud;
- obtaining an understanding of the legal and regulatory frameworks applicable to the entity. The most significant considerations identified were the Companies Act 2006, corporation tax and employment tax legislation; and
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
  - management override of controls; and
  - revenue recognition.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations and to identify any irregularities or instances of fraud;
- We tested the appropriateness of a sample of accounting journals;
- We reviewed the Company's accounting policies for non-compliance with relevant accounting standards;
- We considered significant accounting estimates for evidence of misstatement; and
- We considered the appropriateness of the revenue recognition policies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements. There are inherent limitations in the audit procedures performed not least due to the following:

- the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve deliberate concealment; and
- the further removed the non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Abacus Direct Limited

Independent Auditor's Report to the Members of Abacus Direct Limited

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.

DocuSigned by:

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Steven Williams FCA (Senior Statutory Auditor)
For and on behalf of Murray Harcourt Limited, Statutory Auditor

6 Queen Street
Leeds
West Yorkshire
LS1 2TW

Date: 9/22/2021

Abacus Direct Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	15,918,904	13,544,532
Cost of sales		(10,390,230)	(9,147,335)
Gross profit		5,528,674	4,397,197
Administrative expenses		(4,148,811)	(3,896,119)
Other operating income	4	428,574	11,729
Operating profit	5	1,808,437	512,807
Other interest receivable and similar income	7	730	120
Amounts written off		-	500,000
Interest payable and similar charges	8	(77,015)	(35,221)
Profit before tax		1,732,152	977,706
Taxation	12	(381,367)	86,623
Total comprehensive income for the financial year		1,350,785	1,064,329
Retained earnings brought forward		5,121,265	4,355,969
Dividends paid		(602,500)	(299,033)
Retained earnings carried forward		5,869,550	5,121,265

Abacus Direct Limited

(Registration number: 04331572)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	150,318	200,424
Tangible assets	14	4,642,297	3,412,586
		4,792,615	3,613,010
Current assets			
Stocks	15	3,999,110	3,761,972
Debtors	16	2,480,259	2,370,595
Cash at bank and in hand		878,777	3,850
		7,358,146	6,136,417
Creditors: Amounts falling due within one year	17	(4,015,941)	(3,566,960)
Net current assets		3,342,205	2,569,457
Total assets less current liabilities		8,134,820	6,182,467
Creditors: Amounts falling due after more than one year	17	(2,159,009)	(1,000,000)
Provisions for liabilities	18	(96,871)	(51,812)
Net assets		5,878,940	5,130,655
Capital and reserves			
Called up share capital		1,040	1,040
Share premium reserve	21	8,316	8,316
Capital redemption reserve	21	34	34
Profit and loss account	21	5,869,550	5,121,265
Shareholders' funds		5,878,940	5,130,655

Approved and authorised by the director on 9/20/2021

DocuSigned by:
Ian Pattison
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I D Pattison
Director

The notes on pages 11 to 25 form an integral part of these financial statements.

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital incorporated in England & Wales. Company information details are shown on page 1.

The registered office and principal place of business is:
Abacus House
Jubilee Court
Copgrove
Harrogate
North Yorkshire
HG3 3TB

The principal activity of the Company during the period was that of the manufacture and distribution of bathrooms.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in 'Pounds Sterling' ('£'), which is the functional currency of the Company, and rounded to the nearest £1.

Summary of disclosure exemptions
FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows;
- financial instruments disclosures, including categories of financial instruments; and
- the disclosure of key management personnel remuneration in total.

Going concern
The Director has considered the going concern basis of preparation of the financial statements. During the period since the Covid-19 lockdown commenced the business has continued to trade strongly. Further details are provided in the Strategic Report. The Director has reviewed the financial position of the group and its prospects for the forthcoming twelve months and has concluded that the group can pay its debts as they fall due. On the basis of the above the Director has prepared the financial statements on a going concern basis.

2 Accounting policies (continued)

Judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 under "Key sources of estimation uncertainty" below.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Depreciation of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying value and accumulated depreciation of tangible fixed assets is set out in note 14 to the financial statements.

Recoverability of trade and other debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience. The carrying amount of trade and other debtors and the associated provision is given in note 16.

Impairment of stocks

The Company sells products in a market that is subject to changing fashions and technological developments together with changes in consumer spending levels. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When considering the impairment of stocks, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. The carrying value of stocks and the associated provision is set out in note 15.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Government grants

Grants relating to capital projects are recorded in deferred income and released to profit or loss over the expected useful life of the assets. Grants towards revenue expenditure are recognised in the profit and loss account when the Company has entitlement to the income and the amount receivable can be measured reliably.

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	5 to 10 years straight-line or life of lease whichever shorter
Plant and machinery	2 to 5 years straight-line

Goodwill

Goodwill arising on acquisitions of an entity represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20 years straight line
Capitalised Development	20% Straight Line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Operating lease rentals are recognised in the profit and loss on a straight line basis.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are paid.

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. Equity instruments are those that entitle the holder to a residual interest in the Company's assets after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary and preference shares, which are measured at fair value provided that this can be measured reliably. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

3 Revenue

All of the company's turnover for the year relates to its principal activity from continuing operations to UK customers.

	2020 £	2019 £
Sale of goods	15,918,904	13,544,532

4 Other operating income

The company's other operating income for the year is as follows:

	2020 £	2019 £
Government grants	428,324	11,729
Miscellaneous other operating income	250	-
	428,574	11,729

Government grants include £255,324 in relation to the Coronavirus Job Retention Scheme and £173,000 in relation to expansion of the operating facilities.

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Notes to the Financial Statements for the Year Ended 31 December 2020

5 Operating profit

Arrived at after charging:

	2020 £	2019 £
Depreciation expense	547,175	378,521
Foreign exchange (gains)/losses	26,597	28,640
Amortisation expense	50,106	50,106
Research and development cost	11,852	20,903
Operating lease expense - property	310,625	329,813
Operating lease expense - plant and machinery	68,130	56,806

6 Government grants

The grant income in the period relates to the amortisation of a capital grant in line with the useful economic life of the assets funded along with the claiming of the JRS grant due to Covid-19. The amount of grants recognised in the financial statements was £428,324 (2019 - £11,729).

7 Other interest receivable and similar income

	2020 £	2019 £
Other finance income	730	120

8 Interest payable and similar charges

	2020 £	2019 £
Interest on bank overdrafts and borrowings	77,015	33,584
Interest expense on other finance liabilities	-	1,637
	77,015	35,221

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	1,577,833	1,487,610
Social security costs	150,356	145,366
Pension costs, defined contribution scheme	27,264	24,901
	1,755,453	1,657,877

9 Staff costs (continued)

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Administration and support	17	17
Sales	14	13
Distribution	17	17
Other departments	2	2
	50	49

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	10,384	10,359

11 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	17,500	17,000

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	321,223	-
UK corporation tax adjustment to prior periods	15,085	(103,804)
	336,308	(103,804)
Deferred taxation		
Arising from origination and reversal of timing differences	45,059	17,181
Tax expense/(receipt) in the income statement	381,367	(86,623)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	1,732,152	977,706
Corporation tax at standard rate	329,109	185,764
Effect of revenues exempt from taxation	(35,099)	(95,000)
Effect of expense not deductible in determining taxable profit (tax loss)	1,536	2,200
Deferred tax rate difference	-	(1,328)
UK deferred tax expense relating to changes in tax rates or laws	6,096	-
Deferred tax expense from unrecognised tax loss or credit	-	5,890
Increase/(decrease) in tax from adjustment for prior periods	15,085	(140,003)
Tax increase from effect of capital allowances and depreciation	64,640	47,749
Tax decrease from effect of adjustment in research and development tax credit	-	(91,895)
Total tax charge/(credit)	381,367	(86,623)

The standard full rate of UK corporation tax applicable for the year ended 31 December 2020 was 19% (2019 - 19%)

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Taxation (continued)

Deferred tax
Deferred tax assets and liabilities

2020	Liability £
Difference between accumulated depreciation and amortisation and capital allowances	96,871

2019	Liability £
Difference between accumulated depreciation and amortisation and capital allowances	51,812

Legislation has been substantively enacted to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Deferred tax is provided at the rate expected to be in place at the point at which the timing differences reverse.

13 Intangible assets

	Goodwill £	Capitalised Development £	Total £
Cost			
At 1 January 2020	120,000	250,530	370,530
At 31 December 2020	120,000	250,530	370,530
Amortisation			
At 1 January 2020	120,000	50,106	170,106
Amortisation charge	-	50,106	50,106
At 31 December 2020	120,000	100,212	220,212
Carrying amount			
At 31 December 2020	-	150,318	150,318
At 31 December 2019	-	200,424	200,424

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Tangible assets

	Land and buildings £	Other property, plant and equipment £	Total £
Cost			
At 1 January 2020	4,456,486	1,164,532	5,621,018
Additions	1,493,617	283,269	1,776,886
At 31 December 2020	5,950,103	1,447,801	7,397,904
Depreciation			
At 1 January 2020	1,502,206	706,226	2,208,432
Charge for the year	347,914	199,261	547,175
At 31 December 2020	1,850,120	905,487	2,755,607
Carrying amount			
At 31 December 2020	4,099,983	542,314	4,642,297
At 31 December 2019	2,954,280	458,306	3,412,586

Included within the net book value of land and buildings above is £1,450,000 (2019 - £1,450,000) in respect of freehold land and buildings and £2,649,983 (2019 - £1,504,280) in respect of short leasehold land and buildings.

15 Stocks

	2020 £	2019 £
Finished goods and goods for resale	3,999,110	3,761,972

The cost of stocks recognised as an expense in the year amounted to £8,685,735 (2019 - £7,612,251).

Closing stock is stated after provisions for impairment of £323,343 (2019 - £218,228).

Impairment of Stocks
The amount of impairment loss included in profit or loss is £105,115 (2019 - £87,446). The impairment loss is included in cost of sales.

16 Debtors

	2020 £	2019 £
Trade debtors	2,344,111	2,010,861
Other debtors	46,639	118,638
Prepayments	89,509	241,096
Total current trade and other debtors	2,480,259	2,370,595

17 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	22	709,582	1,472,621
Trade creditors		1,837,968	1,076,971
Amounts due to group undertakings		505,942	426,701
Social security and other taxes		434,091	280,841
Other creditors		131,903	175,046
Accrued expenses		103,630	64,402
Income tax liability	12	234,176	-
Deferred income		58,649	70,378
		4,015,941	3,566,960
Due after one year			
Loans and borrowings	22	2,159,009	1,000,000

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2020	51,812	51,812
Arising from origination and reversal of timing differences	45,059	45,059
At 31 December 2020	96,871	96,871

19 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £27,264 (2019 - £24,901).

20 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	1,040	1,040	1,040	1,040

21 Reserves

Share capital represents the number of shares issued at nominal price.

The share premium reserve represents the excess of consideration received over the nominal value of shares issued.

The capital redemption reserve represents the nominal value of shares bought back by the company.

The profit and loss account represents accumulated comprehensive income for the year and prior periods, after deduction of dividends paid.

22 Loans and borrowings

	2020	2019
	£	£
Non-current loans and borrowings		
Bank borrowings	2,159,009	1,000,000

Abacus Direct Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

22 Loans and borrowings (continued)

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	341,007	-
Bank overdrafts	-	69,829
Other borrowings	368,575	1,402,792
	709,582	1,472,621

Other borrowings
Included within other borrowings are the following items:

Invoice discounting facility
The invoice discounting facility is denominated in sterling with a nominal interest rate of 2.5%. The carrying amount at the year end is £368,575 (2019 - £1,402,792).

Bank loans
The HSBC bank loan is denominated in sterling with a nominal interest rate of 1.75% over base rate. The amount outstanding at the year end is £1,000,000.

The HSBC CBILS loan is denominated in sterling with a nominal interest rate of 2.00% over base rate. The amount outstanding at the year end is £1,500,000.

Security of borrowings
The invoice discounting facility is secured by a charge over the debts to which the facility relates. The bank loan is secured by a charge over property. The Company's bankers also have fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

23 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	320,127	328,424
Later than one year and not later than five years	1,206,924	1,227,050
Later than five years	1,665,205	1,965,205
	3,192,256	3,520,679

The amount of non-cancellable operating lease payments recognised as an expense during the year was £328,423 (2019 - £386,919).

24 Dividends

	2020	2019
	£	£
Interim dividend of £579.32 (2019 - £287.53) per ordinary share	602,500	299,033

25 Contingent liabilities

The Company has provided a cross guarantee to secure borrowings of other related parties. As at 31 December 2020, the total borrowings secured by the cross guarantee amounted to £1,415,758 (2019 - £1,674,825).

26 Related party transactions

The Company has taken the exemption set out in FRS 102 from disclosing transactions with other members of the group.

Transactions with directors

Bradbury & Pattison Partnership

The directors of the Company are the partners of the Bradbury & Pattison Partnership. During the period, the Company made recharges of £17,350 (2019 - £6,065) to the Bradbury & Pattison Partnership. Included in other debtors are amounts due from Bradbury & Pattison Partnership of £8,437 (2019 - £74).

As at 31 December 2020 the Company owed Mr I D Pattison £91,596 (2019 - £78,037). In addition, the Company made sales to Mr I D Pattison during the year amounting to £670 under normal trading terms. As at 31 December 2020 the Company was owed £10,061 in respect of these trading transactions.

During the year, the Company made sales to Mr S P Bradbury, a former Director, amounting to £3,968 under normal trading terms. As at 31 December 2020 the Company was owed £8,726 in respect of these trading transactions.

Abacus Direct Properties Limited

Abacus Direct Properties Limited is a company under common control. During the year, the Company made purchases of £372,750 (2019 - £1,779,813) from Abacus Direct Properties Limited and recharges to Abacus Direct Properties Limited of £1,440,(2019 - £2,900). As at 31 December 2020, Abacus Direct Properties Limited was owed £34,900 (2019 - £ 15,478) by the Company.

27 Parent and ultimate parent undertaking

The company's immediate parent is Abacus Direct Holdings Limited, incorporated in England and Wales.

The address of Abacus Direct Holdings Limited is:
Abacus House, Jubilee Court, Copgrove, Harrogate, North Yorkshire, HG3 3TB.

The ultimate parent is Abacus Direct Group Holdings Limited, incorporated in England and Wales, and prepares consolidated financial statements which are the smallest and largest to include the Company. These financial statements are available from Companies House.

The ultimate controlling party is Mr I D Pattison.