

DAVIES ODELL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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DAVIES ODELL LIMITED

COMPANY INFORMATION

Directors	A Gregory D A Horner V E Langford
Company secretary	V E Langford
Registered number	05649848
Registered office	11 Laura Place Bath BA2 4BL
Trading address	Portland Road Rushden Northamptonshire NN10 0DJ
Independent Auditor	Cooper Parry Group Limited Chartered Accountants & Senior Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	HSBC UK Bank Plc 79 Regent Street Kingswood Bristol BS15 8LH

DAVIES ODELL LIMITED

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DAVIES ODELL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the Financial Statements for the year ended 31 December 2019.

Principal activity

The principal activity of the Company during the year continued to be the manufacture and distribution of protection equipment, matting and footwear components.

Results and dividends

The loss for the year, after taxation, amounted to £184,166 (2018: £440,891).

During the year no dividends were declared and paid (2018: £Nil) and the Directors do not propose the payment of a final dividend.

Directors

The Directors who served during the year were:

A Gregory
D A Horner
V E Langford

Disclosure of information to Auditor

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 Auditor is 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 Auditor is aware of that information.

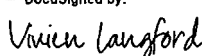
Coronavirus

At the date of signing these Financial Statements the Directors have considered the effect on the Company with the information available to it, and do not believe it will affect the Company's ability to continue to trade for the foreseeable future. See note 2.3 for further details.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

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V E Langford
Director

Date: 16 December 2020

DAVIES ODELL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors are responsible for preparing 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 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

DAVIES ODELL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES ODELL LIMITED

Opinion

We have audited the Financial Statements of Davies Odell Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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.

Material uncertainty related to going concern

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2.3 to the Financial Statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £184,166 during the year ended 31 December 2019 and had net current liabilities of £384,271 and net liabilities of £258,025. Within creditors is £808,636 due to the Company's ultimate parent undertaking, CEPS PLC. The Company is dependent on the ongoing support of CEPS PLC. The Directors of CEPS PLC have confirmed the Company will only request payment of amounts due when funds permit and that the amounts due will not become due for a period of at least 12 months from the date of signing the Financial Statements. As stated in Note 2.3, these events or conditions, along with the other matters as set forth in Note 2.3, indicate that a material uncertainty exists that casts significant doubt on the Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Other information

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

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

DAVIES ODELL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES ODELL LIMITED (CONTINUED)

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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' Report has 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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the Financial Statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

DAVIES ODELL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES ODELL LIMITED (CONTINUED)

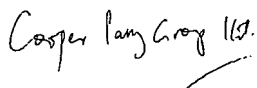
Auditor's responsibilities for the audit of the Financial Statements

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.



Steven Ellis (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants
Senior Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: 16 December 2020

DAVIES ODELL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	2.4,4	3,563,372	3,918,999
Cost of sales		(3,010,950)	(3,355,189)
Gross profit		<u>552,422</u>	<u>563,810</u>
Distribution costs		(91,071)	(56,008)
Administrative expenses		(597,907)	(688,004)
Operating loss	5	(136,556)	(180,202)
Interest payable	9	(47,610)	(40,689)
Loss on ordinary activities before taxation		<u>(184,166)</u>	<u>(220,891)</u>
Taxation on loss on ordinary activities	10	-	(220,000)
Loss for the financial year		<u><u>(184,166)</u></u>	<u><u>(440,891)</u></u>
 Retained earnings at the beginning of the year		 (128,868)	 312,023
Loss for the financial year		<u>(184,166)</u>	<u>(440,891)</u>
Retained earnings at the end of the year		<u><u>(313,034)</u></u>	<u><u>(128,868)</u></u>

The notes on pages 8 to 21 form part of these Financial Statements.

DAVIES ODELL LIMITED
REGISTERED NUMBER:05649848

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	Restated 2018 £
Fixed assets			
Tangible assets	11	161,410	155,148
		<u>161,410</u>	<u>155,148</u>
Current assets			
Stocks	12	772,114	831,489
Debtors: amounts falling due within one year	13	496,202	412,139
Cash at bank and in hand		9,628	27,031
		<u>1,277,944</u>	<u>1,270,659</u>
Creditors: amounts falling due within one year	14	<u>(1,662,215)</u>	<u>(1,473,956)</u>
Net current liabilities		<u>(384,271)</u>	<u>(203,297)</u>
Total assets less current liabilities		<u>(222,861)</u>	<u>(48,149)</u>
Creditors: amounts falling due after more than one year	15	<u>(35,164)</u>	<u>(25,710)</u>
Net liabilities		<u><u>(258,025)</u></u>	<u><u>(73,859)</u></u>
Capital and reserves			
Called up share capital	17	10	10
Share Premium Account	18	54,999	54,999
Profit and Loss Account	18	<u>(313,034)</u>	<u>(128,868)</u>
Shareholders' deficit		<u><u>(258,025)</u></u>	<u><u>(73,859)</u></u>

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

DocuSigned by:

Vivien Langford

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V E Langford
 Director

Date: 16 December 2020

The notes on pages 8 to 21 form part of these Financial Statements.

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Davies Odell Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of Financial Statements

The Financial Statements are prepared in Sterling (£) which is the functional currency of the Company. The Financial Statements are for the year ended 31 December 2019 (2018: year ended 31 December 2018).

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 preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of a judgement or complexity or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

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

2.2 Exemptions

Under FRS 102 (section 1.12), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that its parent company (CEPS PLC) includes the Company's cashflows in its own published consolidated financial statements.

The entity is a qualifying entity and has also taken advantage of the financial instrument disclosures exemption and the exemption from disclosing key management compensation (other than Directors' emoluments) under FRS 102 (section 1.12).

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Coronavirus and going concern

The Company incurred a net loss of £184,166 during the year ended 31 December 2019 and at that date had net current liabilities of £384,271 and net liabilities of £258,025.

As at 31 December 2019 a total of £808,636 was owed to the parent company, CEPS PLC. At the date of approval of these Financial Statements the Directors of CEPS PLC have confirmed they will only request repayment of the amounts due as and when funds permit, and that the amounts due will not become due for a period of at least 12 months from the date of signing the Financial Statements.

At the time of signing these accounts, the Directors have considered the effect of the Coronavirus on the going concern position and have concluded that the Financial Statements should be prepared on a going concern basis. However, the Directors acknowledge that a material uncertainty exists which casts significant doubt on the Company's ability to trade for period of at least 12 months from the date of signing these Financial Statements due to the ongoing uncertainty surrounding Coronavirus and the restrictions in place across the retail and sports events sectors.

Like many businesses, the period of lockdown has been particularly difficult for the Company due to a prolonged shut down of retail shops and sporting events around the world. The Company has and continues to make use of the UK Government support available to businesses during this difficult time under the Coronavirus Job Retention Scheme, Bounce Back loan, rate grants and through the deferral of VAT payments. With shops and sports events now beginning to re-open, the Directors are hopeful trading will improve and demand for the Company's products will increase. The Directors have taken significant steps to reduce costs with employee numbers reduced from 26 to 16 along with reducing spend in other areas of the business. The Company will be reliant on the support of the parent company, CEPS PLC, who has confirmed, as noted above, that the amounts due to CEPS PLC will not become due for a period of at least 12 months from the date of signing the Financial Statements. The Company is also reliant on the ongoing support of its bank to maintain the existing facilities to allow the Company to meet its liabilities as they fall due.

The Directors have prepared detailed forecasts based on the easing of lockdown and reopening of retail shopping and sports events which show reduced levels of activity when compared to levels which had previously been budgeted. Using these assumptions, the forecasts show that the Company will be able to operate within the facilities and support available to it.

Given the ongoing uncertainty surrounding Coronavirus and the current and any future restrictions on trading, the final impact on the Company's ability to continue as a going concern may differ from that which is included within these Financial Statements.

On that basis, the Directors have prepared these Financial Statements on a going concern basis.

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 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.

2.5 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.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Plant and machinery	- Between 3 and 10 years straight line
Motor vehicles	- 3 years straight line

At each Balance Sheet date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately.

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 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 latest purchase price. Work in progress and finished goods include an appropriate proportion of fixed and variable 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 the Profit and Loss Account.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade, and other debtors and creditors, loans from banks and other third parties or loans with 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 of the recoverable amount, 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.

2.8 Provisions

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 a expense to the Profit and Loss Account 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.

2.9 Leasing and Hire purchase

Where assets are financed by leasing agreements that give rights approximating to ownership (leasing and hire purchase), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Profit and Loss Account over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Profit and Loss Account over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.10 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 Pensions

The Company makes payments to defined contribution schemes for its employees. Defined contribution schemes are those 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 schemes are held separately from the Company in independently administered funds.

2.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot rates at the date of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

2.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.14 Current and deferred taxation

Tax is recognised in the Profit and Loss Account, except that a charge 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. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rate substantively enacted at the reporting date expected to apply to the reversal of the timing difference.

2.15 Prior year restatement

The comparative has been restated in order to show payments in advance for stock on water within stock rather than debtors as management feel that this is a better representation of the nature of this balance. The impact on profit and net liabilities as a result of the restatement is nil.

DAVIES ODELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The Directors 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 of 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.

Impairment of non-current assets

The Company assesses the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects' disposal values.

Carrying value of stocks

Management reviews the market value of and demand for its stocks on a periodic basis to ensure stock 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 uses its 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 debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance 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. Management 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 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 Profit and Loss Account.

DAVIES ODELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****3. Judgements in applying accounting policies (continued)****Leases**

Management must determine whether leases entered into by the Company either as a lessor or a lessee 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, and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Management estimation is required to determine the amount of deferred tax assets that can be recognised based upon likely timing and level of future taxable profits.

4. Turnover

The whole of the turnover is attributable to the principal activities of the Company.

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	2,367,141	2,500,705
Rest of Europe	397,248	509,606
Rest of the World	798,983	908,688
	<u>3,563,372</u>	<u>3,918,999</u>

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**5. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of fixed assets - owned by the Company	34,268	28,867
Depreciation of fixed assets - hire purchase	19,483	28,648
Foreign exchange differences	32,452	51,675
Operating lease rentals	83,224	97,129
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	8,795	8,375
	<u> </u>	<u> </u>
Fees Payable to the Company's Auditor in respect of: Taxation compliance services	3,052	2,935
	<u> </u>	<u> </u>

7. Staff costs

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

	2019 £	2018 £
Wages and salaries	729,850	866,440
Social security costs	60,954	76,077
Cost of defined contribution scheme	29,343	27,807
	<u>820,147</u>	<u>970,324</u>

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

	2019 No.	2018 No.
Management and administration staff	8	8
Production and sales staff	18	23
	<u>26</u>	<u>31</u>

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	99,223	107,325
Company contributions to defined contribution pension schemes	746	1,992
	<u>99,969</u>	<u>109,317</u>

During the year retirement benefits were accruing to one Director (2018: one) in respect of defined contribution pension schemes.

9. Interest payable

	2019 £	2018 £
Bank interest payable	20,557	28,780
Interest payable to Group companies	27,053	11,909
	<u>47,610</u>	<u>40,689</u>

10. Taxation

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	-	220,000
Taxation on loss on ordinary activities	<u>-</u>	<u>220,000</u>

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(184,166)	(220,891)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(34,992)	(41,969)
Effects of:		
Expenses not deductible for tax purposes	10,450	-
Release of deferred tax asset	-	220,000
Deferred tax not recognised	24,542	41,969
Total tax charge for the year	-	220,000

Factors that may affect future tax charges

At 31 December 2019 the Company had tax losses carried forward totalling £3,107,071 (2018: £2,910,341).

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2019	1,327,731	15,495	1,343,226
Additions	60,013	-	60,013
At 31 December 2019	<u>1,387,744</u>	<u>15,495</u>	<u>1,403,239</u>
Depreciation			
At 1 January 2019	1,172,583	15,495	1,188,078
Charge for the year	53,751	-	53,751
At 31 December 2019	<u>1,226,334</u>	<u>15,495</u>	<u>1,241,829</u>
Net book value			
At 31 December 2019	<u>161,410</u>	<u>-</u>	<u>161,410</u>
At 31 December 2018	<u>155,148</u>	<u>-</u>	<u>155,148</u>

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

	2019 £	2018 £
Plant and machinery	<u>60,250</u>	<u>48,708</u>

12. Stocks

	2019 £	Restated 2018 £
Raw materials	123,851	171,597
Work in progress	1,041	1,268
Finished goods	647,222	658,624
	<u>772,114</u>	<u>831,489</u>

An impairment loss of £55,000 (2018: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stock recognised in cost of sales during the year as an expense was £2,124,119 (2018: £2,331,775).

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Debtors

	2019 £	Restated 2018 £
Trade debtors	356,831	291,368
Called up share capital not paid	55,008	55,008
Prepayments and accrued income	84,363	65,763
	<u>496,202</u>	<u>412,139</u>

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts, invoice discounting and import facilities	382,583	399,219
Bank loans	-	180,000
Other loans	7,969	-
Trade creditors	226,721	213,935
Amounts owed to Group undertaking	756,192	508,192
Other taxation and social security	54,354	80,281
Obligations under leasing and hire purchase contracts	23,182	15,426
Other creditors	121,747	2,502
Accruals and deferred income	89,467	74,401
	<u>1,662,215</u>	<u>1,473,956</u>

Bank overdrafts, invoice discounting and import facilities are secured by fixed and floating charges over the assets of the Company.

The bank loan was repayable in monthly installments over a two year period to December 2019. Interest was charged at 5.5% over the base rate.

Other loans are secured by a fixed charge over certain fixed assets of the Company.

Obligations under leasing and hire purchase contracts are secured against the assets to which they relate.

15. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other loans	11,016	-
Net obligations under leasing and hire purchase contracts	24,148	25,710
	<u>35,164</u>	<u>25,710</u>

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**16. Leasing and hire purchase**

Minimum lease payments under leasing and hire purchase contracts fall due as follows:

	2019 £	2018 £
Within one year	23,182	15,246
Between 1-5 years	24,148	25,710
	<u>47,330</u>	<u>40,956</u>

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
900 A Ordinary shares of £0.01 each	9	9
100 B Ordinary shares of £0.01 each	1	1
	<u>10</u>	<u>10</u>

The A and B Ordinary shares rank pari passu in respect of voting rights and rights on the return of capital on winding up, a capital reduction or sale or listing.

In respect of dividends, the Company can elect to either pay just A or both A and B shareholders a dividend.

18. Reserves**Share Premium Account**

The Share Premium Account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and Loss Account

The Profit and Loss Account includes all current and prior period retained profit and losses. All are considered distributable.

19. Pension commitments

The Company makes payments to defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the schemes and amounted to £29,343 (2018: £27,807). Contributions totaling £Nil (2018: £Nil) were payable to the schemes at the reporting date.

DAVIES ODELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**20. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	46,999	46,558
Later than 1 year and not later than 5 years	45,972	33,975
	<u>92,971</u>	<u>80,533</u>

21. Related party transactions

At the year end the total amounts owed by a Director shareholder were £70,000 in respect of unpaid share capital and associated expenses (2018: £70,000). Amounts are included in prepayments and accrued income in Note 13.

At the year end the Company owed £716,000 (2018: £486,000) to a company with a controlling interest. During the year £27,053 (2018: £11,909) of interest was charged on the loan equating to 5% per annum. A balance of £52,444 (2018: £25,391) of this interest remains outstanding at the year end. The Company paid management fees of £15,000 (2018: £15,000) during the year with £40,192 (2018: £22,192) outstanding at the year end. Balances are included within amounts owed to group undertakings and accruals and deferred income.

22. Post balance sheet events

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. At this stage, the Directors believe the Company is able to handle any downturn that may occur in the sector in which the Company operates with the financial support available to it as detailed in note 2.3.

23. Controlling party

The Company is an 85% subsidiary of CEPS PLC, which is incorporated in England and Wales. The registered office of CEPS PLC is 11 Laura Place, Bath, BA2 4BL.

At the Balance Sheet date, CEPS PLC is the parent of both the smallest and largest groups which prepare financial statements that consolidate this entity. Copies of the financial statements of CEPS PLC are available from: CEPS PLC, 11 Laura Place, Bath, BA2 4BL.