

DEKE HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Registered Number 08266630 (England and Wales)



DEKE HOLDINGS LIMITED
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FOR THE YEAR ENDED 30 JUNE 2019

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DEKE HOLDINGS LIMITED
DIRECTORS AND ADVISORS
FOR THE YEAR ENDED 30 JUNE 2019

Directors	P Deehan AS Keane
Company secretary	AS Keane
Principal and Registered Office	Croft Road Industrial Estate Newcastle Staffordshire ST5 0TW
Company Registration Number	08266630 (England and Wales)
Independent Auditor	RSM UK Audit LLP Suite A 7 th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

DEKE HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report and financial statements for the year ended 30 June 2019.

Business review

The results for the year and the financial position as at 30 June 2019 are shown in the annexed financial statements.

Turnover grew by 4.7% in the year driven by a growth in the Group's customer base. Forecasts indicate growth in both trading subsidiaries in the forthcoming year. Gross profit margins in the year has remained at the same level as last year.

The Group continued to invest in capital equipment and people and the directors are of the view that this will continue.

The profits have enabled the Group to reduce its net debt position.

New business opportunities continue to present themselves in both the UK and Slovak subsidiaries and a number of new workload streams have been secured which the Group will benefit from in future periods.

Principal risks and uncertainties

Our success is dependent on the success of our customers. The Group has a broad range of customers serving a wide range of market sectors. Our ability to maintain and grow the customer base is closely linked to the quality of the manufacturing service provided. The Group takes all reasonable steps to ensure quality standards are maintained.

The Group trades in Sterling, Euros and US Dollars, being net generative in Sterling, net using in Euros and marginal in US Dollars. Consequently, significant changes in exchange rates can impact the profitability of the business. Brexit has led to an increased volatility in exchange rates.

Key performance indicators

The Group considers a wide range of performance indicators continuously throughout each year, ranging from financial to operational.

Financially, cash driven profit, working capital management and efficient use of investable resources are key. Operationally the two factories are measured upon a wide range of key performance statistics under the umbrella of industry leading requirements. The Group particularly looks to feedback from its customer base as key to having delivered successfully.

Financial instruments

The Group's policy is to finance working capital through invoice financing, term loans and cash reserves and fixed assets through lease financing.

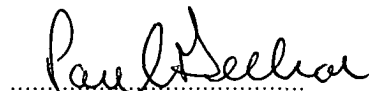
The Group seeks to mitigate foreign exchange exposure as far as it is reasonably able to do so through natural hedges. In the year the impact of changes in US dollar exchange rate variations was broadly managed in this way. However, during this same period, the Group's exposure to the Euro was more significant.

DEKE HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The Group does not have significant concentrations of credit risk as exposure is spread over a number of counterparties and customers. Trade debtor balances and stock held to meet customer production requirements are monitored on an on-going basis with the aim of minimising the Group's exposure to bad debts and stock write-offs.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

This report was approved by the board on 18 October 2019 and signed on its behalf.


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P Deehan
Director

DEKE HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

The Company has not disclosed the following sections of the director's report "Future developments and financial instruments" as these have been included in the Strategic Report under S414C (11).

Principal activities

The principal activity of the Group for the period under review was that of the manufacture of electronic equipment. The principal activity of the Company for the period was that of a holding company.

Results

The profit for the year, after taxation, amounted to £668,175 (2018: £519,872).

Directors

The directors who served during the year, and up to the date of signature of the financial statements, were as follows:

P Deehan
AS Keane

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

Research and development activities

The Group undertakes product design and development activities when required for its customers. In such cases the intellectual property arising is generally the sole property of the customer. The Group does not undertake product design and development for its own purposes; it does, however, in the normal course of its business and refinement of its manufacturing processes.

Employee involvement

The Group recognises that a loyal and highly skilled workforce is essential to the future of the business. During the year, the policy of providing employees with information about the Group has continued and employees are encouraged to present their suggestions. Regular meetings are held between management and employee representatives and committees to allow a free flow of information.

Disabled employees

The Group recognises its obligations towards disabled people. Our policy is to give full and fair consideration to every employment application from disabled persons, having regard to their particular aptitudes and abilities and to give equal opportunities to disabled employees with other employees for training, career development and promotion. Every practicable effort is made to continue the employment of, or arrange appropriate training for employees who become disabled.

Auditor

RSM UK Audit LLP have indicated their willingness to be appointed for another term, and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

DEKE HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Provision of information to the auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditor in connection with preparing their report and to establish that the Company and the Group's auditor is aware of that information.

This report was approved by the board on 18 October 2019 and signed on its behalf.



P Deehan
Director

DEKE HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the strategic report and 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 Group and Company 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 they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 DEKE HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2019

Opinion

We have audited the financial statements of DEKE Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 Group's and of the parent company's affairs as at 30 June 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Group 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEKE HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 Group and the parent 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 Group's and the parent 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 Group or the parent 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.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEKE HOLDINGS LIMITED**

FOR THE YEAR ENDED 30 JUNE 2019

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.

RSM UK Audit LLP

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

18 October 2019

DEKE HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
TURNOVER	3	34,958,418	33,389,788
Cost of sales		(27,515,393)	(26,244,476)
GROSS PROFIT		7,443,025	7,145,312
Administrative expenses		(5,958,947)	(5,794,678)
Operating profit before depreciation and amortisation ("EBITDA")		2,146,412	2,007,400
Depreciation and amortisation	8	(662,334)	(656,766)
OPERATING PROFIT	8	1,484,078	1,350,634
Interest payable and similar expenses	7	(571,098)	(690,444)
PROFIT BEFORE TAXATION		912,980	660,190
Taxation	10	(244,805)	(140,318)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		668,175	519,872


The notes on pages 16 to 34 form part of these financial statements.

DEKE HOLDINGS LIMITED
REGISTERED NUMBER: 08266630

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets					
- goodwill	11		3,136,779		3,433,905
- other intangible assets	12		<u>77,646</u>		<u>106,998</u>
Total intangible assets			3,214,425		3,540,903
Tangible assets	13		<u>931,218</u>		<u>831,720</u>
			<u>4,145,643</u>		<u>4,372,623</u>
CURRENT ASSETS					
Stocks	16	5,097,333		4,179,612	
Debtors	17	6,340,463		6,424,643	
Cash at bank and in hand		<u>124,197</u>		<u>367,177</u>	
		<u>11,561,993</u>		<u>10,971,432</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	18	<u>(14,128,455)</u>		<u>(13,827,709)</u>	
NET CURRENT LIABILITIES			<u>(2,566,462)</u>		<u>(2,856,277)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,579,181</u>		<u>1,516,346</u>
Creditors: amounts falling due after more than one year	19		1,523,673		2,129,013
CAPITAL AND RESERVES					
Called up share capital	22	10		10	
Profit and loss account		<u>55,498</u>		<u>(612,677)</u>	
TOTAL EQUITY			<u>55,508</u>		<u>(612,667)</u>
			<u>1,579,181</u>		<u>1,516,346</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 October 2019.



P Deehan
Director

The notes on pages 16 to 34 form part of these financial statements.


DEKE HOLDINGS LIMITED
REGISTERED NUMBER: 08266630

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

		2019		2018	
	Note	£	£	£	£
FIXED ASSETS					
Investments	14		6,533,267		6,533,267
CURRENT ASSETS					
Debtors	17	8,343		41,773	
Cash at bank and in hand		4,151		25,585	
		<u>12,494</u>		<u>67,358</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	18	<u>(5,148,463)</u>		<u>(4,278,059)</u>	
NET CURRENT LIABILITIES			<u>(5,135,969)</u>		<u>(4,210,701)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,397,298</u>		<u>2,322,566</u>
Creditors: amounts falling due after more than one year	19		1,300,000		1,950,000
CAPITAL AND RESERVES					
Called up share capital	22	10		10	
Profit and loss account		97,288		372,556	
TOTAL EQUITY			<u>97,298</u>		<u>372,566</u>
			<u>1,397,298</u>		<u>2,322,556</u>

The Company's loss for the year and total comprehensive expense for the year is £275,268 (2018: £196,255).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 October 2019.



P Deehan
Director

The notes on pages 16 to 34 form part of these financial statements.

DEKE HOLDINGS LIMITED
REGISTERED NUMBER: 08266630

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 July 2017	10	(1,132,549)	(1,132,539)
Profit for the year	-	519,872	519,872
Total comprehensive income for the year	-	519,872	519,872
Balance at 30 June 2018	10	(612,677)	(612,667)
Profit for the year	-	668,175	668,175
Total comprehensive income for the year	-	668,175	668,175
Balance at 30 June 2019	10	55,498	55,508

The notes on pages 16 to 34 form part of these financial statements.

DEKE HOLDINGS LIMITED
REGISTERED NUMBER: 08266630

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 July 2017	10	568,811	568,821
Loss for the year	-	(196,255)	(196,255)
	_____	_____	_____
Total comprehensive expense for the year	-	(196,255)	(196,255)
	_____	_____	_____
Balance at 30 June 2018	10	372,556	372,566
	=====	=====	=====
Loss for the year	-	(275,268)	(275,268)
	_____	_____	_____
Total comprehensive expense for the year	-	(275,268)	(275,268)
	_____	_____	_____
Balance at 30 June 2019	10	97,288	97,298
	=====	=====	=====

The notes on pages 16 to 34 form part of these financial statements

DEKE HOLDINGS LIMITED
REGISTERED NUMBER: 08266630

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
OPERATING ACTIVITIES			
Cash generated from operations	23	1,477,724	1,893,524
Interest paid	7	(571,098)	(690,444)
Income taxes paid		(133,874)	99,734
NET CASH GENERATED FROM OPERATING ACTIVITIES		772,752	1,302,814
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(220,397)	(343,111)
Purchase of other intangible assets		(27,211)	(23,762)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(247,608)	(366,873)
FINANCING ACTIVITIES			
Net movement on borrowings		(500,000)	(700,871)
Net financing under finance leases		(103,910)	88,999
Movement on invoice discounting facility		(422,785)	53,730
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(1,026,695)	(558,142)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(501,551)	377,799
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(734,522)	(1,112,321)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		(1,236,073)	(734,522)
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		124,197	361,177
Overdrafts included in "creditors: amounts falling due within one year"		(1,360,270)	(1,095,699)
		(1,236,073)	(734,522)

The notes on pages 16 to 34 form part of these financial statements.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES

General information

DEKE Holdings Limited ("the Company") is a private company, limited by shares, and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is included on page 1.

The Group consists of DEKE Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of operations are included in the directors' report.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting standard applicable in the UK and the Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of DEKE Holdings Limited and all of its subsidiary undertakings ('subsidiaries'). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June.

The cost of a business combination is the fair value of the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated fully on consolidation.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Company Statement of Comprehensive Income

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the Company's individual statement of financial position shows the Company's profit or loss for the financial year.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue to trade for the foreseeable future.

At 30 June 2019 the Group and Company balance sheets reflected net current liabilities of £2,566,462 (2018: £2,856,277) and £5,135,969 (2018: £4,210,701) respectively. The directors of the Group have prepared trading forecasts to 30 June 2020 and have considered the period of up to 12 months after the accounts are signed which indicate the Group and the Company will have sufficient funding to meet their liabilities as they fall due, based on facilities agreed with the Group's bankers as at the date the financial statements were approved.

On the basis of the above, the directors have formed a judgement that is appropriate to prepare the financial statements on the going concern basis.

Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Group and Company.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Exchange gains and losses are taken to profit or loss.

Turnover

Turnover comprises revenue recognised at fair value by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Income is recognised on the dispatch of goods or provision of services.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the contributions payable by the Group to the fund in respect of the year.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Intangible fixed assets and amortisation

Goodwill

Goodwill is amortised to profit or loss over its estimated economic life of 20 years as in the opinion of the directors this represents the period over which the goodwill expected to give rise to economic benefits.

Other intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software - 3-4 years

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property improvements	- Over term of the lease
Plant and machinery	- 25% straight line
Fixtures, fittings and office equipment	- 25-33% straight line

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Tangible fixed assets and depreciation (Continued)

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the assets as if it were at the age and in the condition expected at the end of its useful life.

Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing and hire purchases

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

Operating leases

Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

Investments

In the separate accounts of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value on a weighted average cost basis after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Trade, group and other creditors

Trade, group and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recorded at transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other expenses.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Financial instruments (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Fair value gains and losses are recognised in profit or loss.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. 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 discussed below.

Stock provisions

The realisable value of stock is calculated using long established and well tested methodologies that take account of changes in market dynamics, expected obsolescence, shelf life and recoverable balances.

Debtor provision

The Group makes judgements as to its ability to collect outstanding trade debtors and provides allowances for the portion of trade debtors when collection becomes doubtful. Provisions are made on a review of all outstanding cash flows and the period of time which exceeds the invoice due date.

Tangible fixed asset depreciation and intangible asset amortisation

The assessment of the useful lives and the method of depreciating tangible fixed assets and amortising intangible assets requires judgement. Depreciation and amortisation are charged to profit or loss based on the useful life selected, which requires an estimation of the period and profile over which the Group expects to consume the future economic benefits embodied in the assets.

Functional currency of AWS Slovakia s.r.o.

The directors consider that the functional currency of this entity to be GBP sterling due to the majority of its trade being in this currency. The results of this entity have therefore been consolidated on this basis, as opposed to using the entity's presentational currency which is euros.

3. TURNOVER

The whole of the turnover is attributable to the one principal activity of the Group. A geographical analysis of the turnover is as follows:

	2019 £	2018 £
UK	20,792,421	23,955,577
Rest of the World	14,165,997	9,434,211
	<u>34,958,418</u>	<u>33,389,788</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. EMPLOYEES

The average monthly number of persons (including the directors) employed during the year was:

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Direct operatives	326	332	-	-
Indirect operatives	115	123	2	2
	441	455	2	2

Staff costs, for the above persons:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	6,715,003	6,484,333	-	-
Social security costs	1,390,058	1,162,251	-	-
Other pension costs	157,250	96,960	-	-
	8,262,311	7,743,544	-	-

DIRECTORS REMUNERATION

In respect of the directors of DEKE Holdings Limited:

	2019	2018
	£	£
Remuneration	415,941	395,390
Company pension contributions to defined contribution pension schemes	41,682	56,964
	457,623	452,354

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £239,014 (2018: £253,496).

The value of the Group's contribution to a money purchase pension scheme in respect of the highest paid director amounted to £26,199 (2018: £41,482).

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. KEY MANAGEMENT REMUNERATION

The total remuneration of the directors and managers who are considered to be the key management of the Group was £500,295 (2018: £512,602), including employer's national insurance of £58,612 (2018: £60,248).

6. PENSION COMMITMENTS

Certain companies within the Group operate defined contributions pension schemes. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £157,250 (2018: £96,960). Contributions totalling £23,118 (2018: £16,545) were payable to the fund at the reporting date and are included in other creditors.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
On bank loans, overdrafts and invoice discount facilities	556,660	673,734
On finance leases and hire purchase contracts	9,438	11,710
Other interest payable	5,000	5,000
	<u>571,098</u>	<u>690,444</u>

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2019 £	2018 £
Research and development expenditure	120,323	131,139
Exchange losses/(gains)	18,458	(74,000)
Amortisation of intangible fixed assets:		
- goodwill	297,126	297,135
- other intangibles	56,562	63,368
Depreciation of tangible fixed assets:		
- owned by the Group	201,652	193,815
- held under finance leases	106,994	102,448
Operating lease rentals:		
- other operating leases	360,441	355,217
Stock:		
- amounts expensed to cost of sales	22,180,988	21,168,428
- impairment (reversals)/losses recognised in cost of sales	(86,849)	56,272
	<u> </u>	<u> </u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. AUDITOR'S REMUNERATION

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	4,260	4,115
Fees payable to the Company's auditor and its associates in respect of:		
- The auditing of accounts of subsidiaries of the Company	30,735	29,840
- Taxation compliance services	6,160	5,835
- Taxation advisory services	3,250	4,500
- Other services	6,480	3,160

10. TAXATION

	2019 £	2018 £
Current tax		
UK corporation tax	152,772	111,237
Adjustments in respect of prior periods	(16,521)	
	<u>136,251</u>	<u>111,237</u>
Foreign tax	<u>51,436</u>	<u>9,053</u>
Total current tax	<u>187,687</u>	<u>120,290</u>
Deferred tax		
Origination and reversal of timing differences	<u>57,118</u>	<u>20,028</u>
Total deferred tax (see note 20)	<u>57,118</u>	<u>20,028</u>
Tax expense	<u>244,805</u>	<u>140,318</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 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 £
Profit before tax	912,980	660,190
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	173,466	125,436
Effects of:		
Non-tax deductible amortisation of goodwill	43,756	26,954
Expenses not deductible	48,122	2,149
Additional deduction for R&D expenditure	(29,720)	-
Adjustments in respect of prior periods	(16,521)	-
Foreign profits charged at different tax rates	484	1,173
Deferred tax not recognised	21,667	(13,799)
Other	3,551	(1,595)
Total tax expense	244,805	140,318

Legislation has been substantively enacted which will reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. INTANGIBLE FIXED ASSETS - GOODWILL

Group	Goodwill on acquisition £	Purchased goodwill £	Total £
Cost			
At 1 July 2018 and June 2019	<u>4,605,841</u>	<u>509,536</u>	<u>5,115,377</u>
Amortisation			
At 1 July 2018	1,305,006	376,466	1,681,472
Amortisation charged in the year	<u>230,286</u>	<u>66,840</u>	<u>297,126</u>
At 30 June 2019	<u>1,535,292</u>	<u>443,306</u>	<u>1,978,598</u>
Carrying amount			
At 30 June 2019	<u>3,070,549</u>	<u>66,230</u>	<u>3,136,779</u>
At 30 June 2018	<u>3,300,835</u>	<u>133,070</u>	<u>3,433,905</u>

The amortisation of goodwill is included within administrative expenses.

12. OTHER INTANGIBLE ASSETS

Group	Purchased computer software £
Cost	
At 1 July 2018	325,351
Additions	27,210
At 30 June 2019	<u>352,561</u>
Amortisation and impairment	
At 1 July 2018	218,353
Amortisation charged in the year	<u>56,562</u>
At 30 June 2019	<u>274,915</u>
Carrying amount	
At 30 June 2019	<u>77,646</u>
At 30 June 2018	<u>106,998</u>

The amortisation charge for the year is included within administrative expenses.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. TANGIBLE FIXED ASSETS

Group	Leasehold property improvements £	Plant and machinery £	Fixtures, fittings and office equipment £	Total £
Cost or valuation:				
At 1 July 2018	54,035	1,849,801	320,790	2,224,626
Additions	-	404,972	3,172	408,144
At 30 June 2019	54,035	2,254,773	323,962	2,632,770
Depreciation				
At 1 July 2018	8,784	1,111,734	272,388	1,392,906
Charge for the year	3,987	277,243	27,416	308,646
At 30 June 2019	12,771	1,388,977	299,804	1,701,552
Carrying amount				
At 30 June 2019	41,264	865,796	24,158	931,218
At 30 June 2018	45,251	738,067	48,402	831,720

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

Group	Cost 2019 £	Net book value 2019 £	Cost 2018 £	Net book value 2018 £
Plant and machinery	<u>799,202</u>	<u>265,079</u>	<u>730,027</u>	<u>354,452</u>

14. INVESTMENTS

Company	Investments in subsidiary companies £
Cost and carrying amount	
At 1 July 2018 and 30 June 2019	<u>6,533,267</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. SUBSIDIARY UNDERTAKINGS

The Company's subsidiary undertakings are:

Name of undertaking	Registered office	Percentage Shareholding of ordinary shares	Nature of business
AWS Electronics Group Limited	Croft Road Industrial Estate, Newcastle, Staffordshire, ST5 OTW	100% direct	Holding company
AWS Electronics Limited	Croft Road Industrial Estate, Newcastle, Staffordshire, ST5 OTW	100% indirect	Manufacture of electronic equipment
AWS Slovakia s.r.o.	Vavrecka 311, 02901 Namestovo, Slovakia	100% indirect	Manufacture of electronic equipment

During the year the Group dissolved its dormant subsidiaries, Jantec Electronic Services Limited and Cemgraft Limited.

16. STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials	3,009,906	2,351,846	-	-
Work in progress	2,087,427	1,827,766	-	-
	<u>5,097,333</u>	<u>4,179,612</u>	<u>-</u>	<u>-</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<i>Amounts falling due within one year:</i>				
Trade debtors	6,012,872	5,925,974	-	-
Called up share capital not paid	10	10	10	10
Prepayments and accrued income	201,296	299,395	8,333	41,763
Deferred tax asset (see note 20)	92,495	149,613	-	-
Other debtors	33,790	49,651	-	-
	<u>6,340,463</u>	<u>6,424,643</u>	<u>8,343</u>	<u>41,773</u>

Trade debtors is stated net of a provision of £10,877 (2018: £15,129).

18. CREDITORS: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	1,360,270	1,101,699	-	-
Bank loans	525,000	375,000	525,000	375,000
Directors' loans	100,000	100,000	100,000	100,000
Net obligations under finance leases and hire purchase contracts	140,425	101,248	-	-
Amounts due under invoice discounting facility	3,335,578	3,758,363	-	-
Trade creditors	5,671,200	5,579,540	-	-
Corporation tax	162,055	107,703	-	-
Amounts owed to Group undertakings	-	-	4,520,559	3,722,759
Other taxation and social security	652,918	690,427	581	460
Other creditors	540,400	314,211	-	-
Accruals and deferred income	1,640,609	1,699,518	2,323	79,840
	<u>14,128,455</u>	<u>13,827,709</u>	<u>5,148,463</u>	<u>4,278,059</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

18. CREDITORS: Amounts falling due within one year (continued)

Bank loans of the Group and Company amounting to £1,825,000 (2018: £2,325,000) are secured by fixed and floating charges over all current and future assets of the Group and cross guarantees between UK based Group companies. Bank loans of the Group amounting to £nil (2018: £375,000) are secured by fixed and floating charges over the assets of a subsidiary company and are guaranteed by a subsidiary company. Bank overdrafts amounting to £1,360,270 (2018: £1,101,699) are secured by a legal mortgage over book debts, a first fixed and floating charge over all other assets, and a cross guarantee from the UK companies within the DEKE Holdings Limited Group, and life insurance policies held over the two directors.

Amounts due under an invoice discounting arrangement are secured by a charge over trade debtors.

Finance leases and hire purchase contracts are secured over the assets to which they relate.

See note 26 for details of the directors' loans and security thereon.

19. CREDITORS: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	1,300,000	1,950,000	1,300,000	1,950,000
Net obligations under finance leases and hire purchase contracts	<u>223,673</u>	<u>179,013</u>	<u>-</u>	<u>-</u>
	<u>1,523,673</u>	<u>2,129,013</u>	<u>1,300,000</u>	<u>1,950,000</u>

Obligations under finance leases and hire purchase contracts, included above, have minimum lease payments as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within one year	146,131	108,159	-	-
Between two and five years	268,745	191,233	-	-
Less interest	<u>(50,778)</u>	<u>(19,131)</u>	<u>-</u>	<u>-</u>
Net lease liability	<u>364,098</u>	<u>280,261</u>	<u>-</u>	<u>-</u>

Finance leases and hire purchase contracts are secured over the assets to which they relate.

Bank loans of the Group and Company are secured by fixed and floating charges over all current and future assets of the Group and cross guarantees between UK based Group companies.

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. DEFERRED TAX

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
At beginning of year	149,613	169,482	-	-
(Credit)/charge for the year	(57,118)	(20,028)	-	-
Impact of foreign exchange	-	159	-	-
	<u>92,495</u>	<u>149,613</u>	<u>-</u>	<u>-</u>
At end of year	92,495	149,613	-	-

The deferred asset is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	73,821	147,158	-	-
Short term timing differences	18,674	2,455	-	-
	<u>92,495</u>	<u>149,613</u>	<u>-</u>	<u>-</u>

In addition to the above the Group has a further deferred tax asset amounting to £368,247 (2018: £382,046) in respect of tax losses which has not been recognised because its recovery is uncertain.

21. FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments at 30 June were:

	2019 £	2018 £
Financial assets:		
Measured at amortised cost	6,046,672	5,975,635
	<u>6,046,672</u>	<u>5,975,635</u>
Financial liabilities:		
Measured at amortised cost	14,737,155	15,057,344
	<u>14,737,155</u>	<u>15,057,344</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

22. SHARE CAPITAL AND RESERVES

SHARE CAPITAL	2019 £	2018 £
GROUP AND COMPANY		
Shares classified as capital		
Allotted, issued and outstanding		
1,000 Ordinary shares of 1p each	<u>10</u>	<u>10</u>

There is a share warrant in issue to subscribe for 1 B ordinary share of 1p at par value.

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

RESERVES

The reserves of the Group and Company represent the following:

Profit and loss account

Cumulative profit and loss net of distribution to owners.

23. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit after tax	668,175	519,872
Adjustments for:		
Depreciation of tangible fixed assets	308,646	296,263
Amortisation of intangible assets	353,688	360,503
Interest payable	571,098	690,444
Taxation	<u>244,805</u>	<u>140,318</u>
Operating cash flow before movements in working capital	2,146,412	2,007,400
Increase in stocks	(917,721)	(90,478)
Decrease/(increase) in trade and other debtors	27,601	(588,359)
Increase in trade and other creditors	<u>221,432</u>	<u>558,961</u>
Cash generated from operations	<u>1,477,724</u>	<u>1,887,524</u>

DEKE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

24. OPERATING LEASE COMMITMENTS

The Group had total minimum future commitments under non-cancellable operating leases as follows:

Group

	2019	2018
	£	£
Amounts due:		
Within 1 year	182,624	190,190
Between 1 and 5 years	685,479	722,548
After 5 years	-	145,479
Total	<u>868,103</u>	<u>1,058,217</u>

The Company had no future commitments under non-cancellable operating leases.

25. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of its subsidiary undertakings. At 30 June 2019 potential liabilities under this arrangement are £4,347,969 (2018: £4,565,641). The guarantee is secured by a debenture over the assets of the Group and Company.

In addition to the above the Company is part of a VAT Group. The maximum liability of this to the Company at the year end is £231,828 (2018: £494,638).

26. RELATED PARTY TRANSACTIONS

Included within creditors due within than one year are amounts due to P Deehan amounting to £85,700 (2018: £85,700) and amounts due to AS Keane amounting to £14,300 (2018 £14,300). Both amounts are secured by a fixed and floating charge, and bear interest of 8% per annum and are repayable upon request. The interest for the year ended 30 June 2019 has been waived by the directors.

27. ULTIMATE CONTROLLING PARTY

At 30 June 2019 the directors consider Mr P Deehan to be the ultimate controlling party.