

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 SEPTEMBER 2021  
FOR  
DISTRIBUTION SUPPLIES GROUP LIMITED**



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FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**DISTRIBUTION SUPPLIES GROUP LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**DIRECTORS:**

S D Miller  
C R Miller

**REGISTERED OFFICE:**

10 Jesus Lane  
Cambridge  
Cambridgeshire  
CB5 8BA

**BUSINESS ADDRESS:**

Units 30-36 Ivatt Way  
Westwood Industrial Estate  
Westwood  
Peterborough  
Cambridgeshire  
PE3 7PN

**REGISTERED NUMBER:**

09233947 (England and Wales)

**AUDITORS:**

Thompson Taraz Rand Audit and Assurance Limited  
Chartered Accountants and Statutory Auditors  
10 Jesus Lane  
Cambridge  
Cambridgeshire  
CB5 8BA

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors present their strategic report of the company and the group for the year ended 30 September 2021.

Distribution Supplies Limited operates as a wholesaler of floor and wall tiles supplying a range of tile outlets throughout the United Kingdom.

Propco Holding Co Limited operates as an investment company holding both a residential and commercial property for capital appreciation and to earn a rental return. The company also holds the commercial property from which Distribution Supplies Ltd trades.

**REVIEW OF BUSINESS**

The results for the year and the financial position of the company are shown in the enclosed financial statements.

In common with many industries we have seen a strong period of recovery following the trading disruption arising from the various lockdowns imposed during the 2020/21 financial year. This has resulted in increased demand. The strength of which has seen all divisions of our business perform to a better than expected level and resulted in robust like for like revenue growth.

Operationally we have managed to overcome supply chain issues surrounding shipping capacity through investment in stock.

Our balance sheet maintains sufficient cash reserves to enabling ongoing investment in stock to meet anticipated demand into the 2022 financial year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

In conducting its business activity the group holds commercial and residential property for capital appreciation and to generate rental income, stock, trade debtors and trade creditors. Consequently the group is exposed to a range of business and financial risks. The principal risks and how they are managed are described in more detail below:

**LIQUIDITY RISK**

The group seeks to manage its financial risk by ensuring sufficient cash resources are available to meet foreseeable needs.

**CREDIT RISK**

The groups principal financial asset other than cash are trade sale customer accounts. The credit risk associated with these trade debts is managed by the credit control function that assesses the credit worthiness of new customers and continually monitors the age and size of balances due. The credit risk is mitigated by a wide and diverse customer base with limited exposure to any one customer.

**CURRENCY RISK**

The group purchases a large proportion of its product range from the European Union as well as Asia and South America. The company is therefore exposed to foreign exchange, translation and transaction risk in this respect. The group seeks to reduce this risk by continually monitoring exchange rates and buying currency as and when appropriate.

**SUPPLY CHAIN -**

Current global supply chain pressures have restricted the availability of stock for sale as well as adding additional cost pressure into the cost of goods and shipping. The company has sought to mitigate this risk by investing in stock.

**MACRO ECONOMIC ENVIRONMENT**

The general economic environment and specifically consumer confidence are important to the business and events that may affect these factors present a financial risk to the company. The company faces a specific short term risk that the tile market normalises following the recent uplift in demand and price increases due to levels of inflation.

GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

KEY PERFORMANCE INDICATORS

	<u>2021</u>	<u>2020</u>
Turnover	£13.9m	£10.7m
Gross margin	25.6%	27.9%
Operating profit margin	9.8%	7.6%

ON BEHALF OF THE BOARD:

***SD MILLER***

S D Miller - Director

26 May 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2021.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 September 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2020 to the date of this report.

S D Miller

C R Miller

**GOING CONCERN**

The board of directors remain optimistic about the future and will continue to invest in stock levels in order to retain a higher than average stock level to ensure that a strong liquid financial base is retained.

We will continue to invest in and develop our strong supplier relationships and have actively been working on having a more diverse supply chain from other markets such as Spain to dilute any dependency from one supply source so we are well placed to respond to any further future macro economic uncertainties.

In consideration of the prospect of continued inflationary price pressures the directors will continue to monitor and review the company's cost base with the prospect of potential recessionary times ahead, we are however in a strong position with a robust balance sheet and surplus cash reserves and anticipate continued strong demand in the short term.

Having considered potential up and downside scenarios the directors have a strong belief that the company is well placed, therefore the financial statements have been prepared on a going concern basis as the directors consider the company to have more than sufficient resources to meet its liabilities as they fall due for a minimum period of 12 months from the date of signing the financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Thompson Taraz Rand Audit and Assurance Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

***SD MILLER***

S D Miller - Director

26 May 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
DISTRIBUTION SUPPLIES GROUP LIMITED**

**Opinion**

We have audited the financial statements of Distribution Supplies Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the Consolidated Profit and loss account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 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 group's and of the parent company affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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**

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

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

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

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
DISTRIBUTION SUPPLIES GROUP LIMITED**

**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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities set out on page four, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
DISTRIBUTION SUPPLIES GROUP LIMITED**

**Auditors' 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 a Report of the Auditors 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.

We evaluated directors and managements incentives and opportunities for fraudulent manipulation of the financial statements (including management override of controls) and determined the principal risks were related to the posting of manual journal entries, management bias through application of judgement and assumptions in significant accounting estimates particular relating to any slow moving and obsolete stock provision, the level of freight charges included into stock valuation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards; For example, the further removed none compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standard would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Andrew Rand (Senior Statutory Auditor)  
for and on behalf of Thompson Taraz Rand Audit and Assurance Limited  
Chartered Accountants and Statutory Auditors  
10 Jesus Lane  
Cambridge  
Cambridgeshire  
CB5 8BA

27 May 2022

**CONSOLIDATED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>		<b>13,944,417</b>	<b>10,715,675</b>
Cost of sales		<b>(10,373,922)</b>	<b>(7,721,883)</b>
<b>GROSS PROFIT</b>		<b>3,570,495</b>	<b>2,993,792</b>
Distribution costs		<b>(616,479)</b>	<b>(597,810)</b>
Administrative expenses		<b>(2,385,907)</b>	<b>(1,979,153)</b>
		<b>568,109</b>	<b>416,829</b>
Other operating income		<b>821,862</b>	<b>399,492</b>
		<b>1,389,971</b>	<b>816,321</b>
Interest receivable and similar income		<b>217</b>	<b>4,001</b>
<b>PROFIT BEFORE TAXATION</b>	5	<b>1,390,188</b>	<b>820,322</b>
Tax on profit	6	<b>(264,751)</b>	<b>(159,900)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,125,437</b>	<b>660,422</b>
Profit attributable to: Owners of the parent		<b>1,125,437</b>	<b>660,422</b>

The notes form part of these financial statements

**CONSOLIDATED  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Notes	2021 £	2020 £
<b>PROFIT FOR THE YEAR</b>	<b>1,125,437</b>	660,422
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,125,437</u></b>	<b><u>660,422</u></b>
Total comprehensive income attributable to: Owners of the parent	<b><u>1,125,437</u></b>	<b><u>660,422</u></b>

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**30 SEPTEMBER 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	8	476	1
Tangible assets	9	3,274,134	3,291,285
Investments	10	-	-
Investment property	11	1,118,000	1,099,000
		<u>4,392,610</u>	<u>4,390,286</u>
<b>CURRENT ASSETS</b>			
Stocks	12	3,191,352	2,252,925
Debtors	13	3,675,250	2,813,580
Cash at bank and in hand		3,108,639	3,352,923
		<u>9,975,241</u>	<u>8,419,428</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(4,632,283)	(4,150,389)
<b>NET CURRENT ASSETS</b>		<u>5,342,958</u>	<u>4,269,039</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,735,568</u>	<u>8,659,325</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(55,407)	(104,865)
<b>PROVISIONS FOR LIABILITIES</b>	18	(55,976)	(55,712)
<b>NET ASSETS</b>		<u>9,624,185</u>	<u>8,498,748</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100,004	100,004
Retained earnings	20	9,524,181	8,398,744
<b>SHAREHOLDERS' FUNDS</b>		<u>9,624,185</u>	<u>8,498,748</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2022 and were signed on its behalf by:

***SD MILLER***

S D Miller - Director

***Carol Miller***

C R Miller - Director

The notes form part of these financial statements

**COMPANY BALANCE SHEET**  
**30 SEPTEMBER 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	8	-	-
Tangible assets	9	-	-
Investments	10	100,002	100,002
Investment property	11	-	-
		<u>100,002</u>	<u>100,002</u>
<b>CURRENT ASSETS</b>			
Debtors	13	2,050,002	1,650,002
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,150,004</u>	<u>1,750,004</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100,004	100,004
Retained earnings	20	2,050,000	1,650,000
<b>SHAREHOLDERS' FUNDS</b>		<u>2,150,004</u>	<u>1,750,004</u>
Company's profit for the financial year		<u>400,000</u>	<u>550,000</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2022 and were signed on its behalf by:

***STIMON MILLER***

S D Miller - Director

***Carol Miller***

C R Miller - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 October 2019</b>	100,004	7,738,322	7,838,326
<b>Changes in equity</b>			
Total comprehensive income	-	660,422	660,422
<b>Balance at 30 September 2020</b>	100,004	8,398,744	8,498,748
<b>Changes in equity</b>			
Total comprehensive income	-	1,125,437	1,125,437
<b>Balance at 30 September 2021</b>	100,004	9,524,181	9,624,185

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 October 2019</b>	100,004	1,100,000	1,200,004
<b>Changes in equity</b>			
Total comprehensive income	-	550,000	550,000
<b>Balance at 30 September 2020</b>	<u>100,004</u>	<u>1,650,000</u>	<u>1,750,004</u>
<b>Changes in equity</b>			
Total comprehensive income	-	400,000	400,000
<b>Balance at 30 September 2021</b>	<u><u>100,004</u></u>	<u><u>2,050,000</u></u>	<u><u>2,150,004</u></u>

The notes form part of these financial statements



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1.	(19,705)	2,413,635
Tax paid		(218,098)	(165,142)
Net cash from operating activities		<u>(237,803)</u>	<u>2,248,493</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(709)	-
Purchase of tangible fixed assets		(82,298)	(48,169)
Sale of tangible fixed assets		3,751	222
Interest received		217	4,001
Net cash from investing activities		<u>(79,039)</u>	<u>(43,946)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(47,350)	(44,115)
Amount introduced by directors		4,320	1,400
Amount withdrawn by directors		(1,797)	(2,160)
Government grants		117,385	144,866
Net cash from financing activities		<u>72,558</u>	<u>99,991</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(244,284)</u>	<u>2,304,538</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>3,352,923</u>	<u>1,048,385</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>3,108,639</u></u>	<u><u>3,352,923</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Profit before taxation	1,390,188	820,322
Depreciation charges	95,980	87,223
(Profit)/loss on disposal of fixed assets	(47)	238
(Gain)/loss on revaluation of fixed assets	(19,000)	287,962
Government grants	(117,385)	(144,866)
Finance income	(217)	(4,001)
	<u>1,349,519</u>	<u>1,046,878</u>
Increase in stocks	(938,427)	(317,339)
(Increase)/decrease in trade and other debtors	(863,831)	221,954
Increase in trade and other creditors	<u>433,034</u>	<u>1,462,142</u>
<b>Cash generated from operations</b>	<u><u>(19,705)</u></u>	<u><u>2,413,635</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 September 2021**

	30/9/21	1/10/20
	£	£
Cash and cash equivalents	<u><u>3,108,639</u></u>	<u><u>3,352,923</u></u>

**Year ended 30 September 2020**

	30/9/20	1/10/19
	£	£
Cash and cash equivalents	<u><u>3,352,923</u></u>	<u><u>1,048,385</u></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/10/20	Cash flow	At 30/9/21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>3,352,923</u>	<u>(244,284)</u>	<u>3,108,639</u>
	<u>3,352,923</u>	<u>(244,284)</u>	<u>3,108,639</u>
<b>Debt</b>			
Finance leases	<u>(150,639)</u>	<u>47,350</u>	<u>(103,289)</u>
	<u>(150,639)</u>	<u>47,350</u>	<u>(103,289)</u>
<b>Total</b>	<u><u>3,202,284</u></u>	<u><u>(196,934)</u></u>	<u><u>3,005,350</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**1. STATUTORY INFORMATION**

Distribution Supplies Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Basis of consolidation**

The consolidated Group financial statements consist of the financial statements of the Company, all entities controlled by the Company (its subsidiaries).

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated where applicable. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

A member of the group qualifies as a small entity in its own right and the individual entity accounts have been prepared using the reduced disclosure framework FRS 102 Section 1A.

**Related party exemption**

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

**Useful economic lives of tangible fixed assets:**

Tangible fixed assets are depreciated over their expected useful lives taking into consideration residual values, where appropriate. The actual lives of the assets and residual values are assessed and amended when necessary to reflect the current estimates based on economic utilization and physical condition of the assets.

**Doubtful debts:**

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing of the debtor and historical experience regarding payment history.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. ACCOUNTING POLICIES - continued

**Turnover**

Turnover shown in the profit and loss account represents the invoiced sale of floor and wall tiles excluding discounts and value added tax. Turnover is recognised on dispatch as this is considered to represent the transfer of risk and reward to the buyer.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software are being amortised evenly over their estimated useful life of nil years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 10% on cost
Plant and equipment Lease	- 25% on reducing balance
Display stands	- 10% on cost and at varying rates on cost
Motor vehicles	- 25% on reducing balance

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in the profit and loss account when the proceeds are received or receivable. A grant received before the recognition criteria is met is recognised as a liability.

**Investment property**

Investment property is measured at fair value less impairment. Any change in fair value is recorded in the profit and loss account.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**3. ACCOUNTING POLICIES - continued****Investments in subsidiaries and associates**

Fixed asset Investments shown at note 12 represent investments in subsidiaries held in the individual financial statements of the parent company and are recognised at cost less impairment.

**Going concern**

The board of directors remain optimistic about the future and will continue to invest in stock levels in order to retain a higher than average stock level to ensure that a strong liquid financial base is retained.

We will continue to invest in and develop our strong supplier relationships and have actively been working on having a more diverse supply chain from other markets such as Spain to dilute any dependency from one supply source so we are well placed to respond to any further future macro-economic uncertainties.

In consideration of the prospect of continued inflationary price pressures the directors will continue to monitor and review the company's cost base with the prospect of potential recessionary times ahead, we are however in a strong position with a robust balance sheet and surplus cash reserves and anticipate continued strong demand in the short term.

Having considered potential up and downside scenarios the directors have a strong belief that the company is well placed, therefore the financial statements have been prepared on a going concern basis as the directors consider the company to have more than sufficient resources to meet its liabilities as they fall due for a minimum period of 12 months from the date of signing the financial statements.

**4. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	1,420,484	1,196,953
Social security costs	127,193	110,201
	<u>1,547,677</u>	<u>1,307,154</u>

The average number of employees during the year was as follows:

	2021	2020
Directors	2	2
Sales	12	11
Office	13	14
Warehouse	21	18
	<u>48</u>	<u>45</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 45 (2020 - 45).

	2021 £	2020 £
Directors' remuneration	17,631	17,419
	<u>17,631</u>	<u>17,419</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**5. PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant and machinery	57,204	49,021
Depreciation - owned assets	62,812	43,311
Depreciation - assets on hire purchase contracts	32,933	43,912
(Profit)/loss on disposal of fixed assets	(47)	238
Software amortisation	234	-
Auditors' remuneration	4,100	8,150
Audit-related assurance services	11,450	5,550
Taxation compliance services	200	750
Foreign exchange differences	(159)	9,173
	<u>264,751</u>	<u>159,900</u>

**6. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	264,487	218,098
Deferred tax	264	(58,198)
Tax on profit	<u>264,751</u>	<u>159,900</u>

UK corporation tax has been charged at 19% (2020 - 19%).

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>1,390,188</u>	<u>820,322</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	264,136	155,861
Effects of:		
Expenses not deductible for tax purposes	2,183	54,730
Income not taxable for tax purposes	(3,610)	-
Depreciation in excess of capital allowances	1,778	7,507
Deferred tax movement	264	(58,198)
Total tax charge	<u>264,751</u>	<u>159,900</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**7. INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Profit and loss account of the parent company is not presented as part of these financial statements.

**8. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Software £</b>
<b>COST</b>	
At 1 October 2020	6,475
Additions	709
	<hr/>
At 30 September 2021	7,184
	<hr/>
<b>AMORTISATION</b>	
At 1 October 2020	6,474
Amortisation for year	234
	<hr/>
At 30 September 2021	6,708
	<hr/>
<b>NET BOOK VALUE</b>	
At 30 September 2021	476
	<hr/>
At 30 September 2020	1
	<hr/>

**9. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>Plant and equipment Lease £</b>	<b>Display stands £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 October 2020	3,006,038	382,445	14,840	368,353	3,771,676
Additions	-	60,458	-	21,840	82,298
Disposals	-	-	-	(33,623)	(33,623)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	3,006,038	442,903	14,840	356,570	3,820,351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
At 1 October 2020	7,512	228,614	14,840	229,425	480,391
Charge for year	-	53,571	-	42,174	95,745
Eliminated on disposal	-	-	-	(29,919)	(29,919)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	7,512	282,185	14,840	241,680	546,217
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 30 September 2021	2,998,526	160,718	-	114,890	3,274,134
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	2,998,526	153,831	-	138,928	3,291,285
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**9. TANGIBLE FIXED ASSETS - continued****Group**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Plant and equipment Lease £</b>
<b>COST</b>	
At 1 October 2020 and 30 September 2021	<b>230,250</b>
<b>DEPRECIATION</b>	
At 1 October 2020	<b>98,516</b>
Charge for year	<b>32,933</b>
At 30 September 2021	<b>131,449</b>
<b>NET BOOK VALUE</b>	
At 30 September 2021	<b>98,801</b>
At 30 September 2020	<b>131,734</b>

**10. FIXED ASSET INVESTMENTS****Company**

	<b>Shares in group undertakings £</b>
<b>COST</b>	
At 1 October 2020 and 30 September 2021	<b>100,002</b>
<b>NET BOOK VALUE</b>	
At 30 September 2021	<b>100,002</b>
At 30 September 2020	<b>100,002</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**10. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Distribution Supplies Limited**

Registered office: Units 30-36 Ivatt Way, Westwood Industrial Estate, Peterborough, Cambridgeshire, PE3 7PN

Nature of business: Whole sale supply of floor and wall tiles.

	%		
Class of shares:	holding		
Ordinary	100.00		
		<b>30/9/21</b>	<b>30/9/20</b>
		£	£
Aggregate capital and reserves		<b>6,322,640</b>	<b>6,227,773</b>
Profit for the year		<b>494,867</b>	<b>574,729</b>

**Propco Holding Co Limited**

Registered office: 10 Jesus Lane, Cambridge, CB5 8BA

Nature of business: Property investment

	%		
Class of shares:	holding		
Ordinary	100.00		
		<b>30/9/21</b>	<b>30/9/20</b>
		£	£
Aggregate capital and reserves		<b>1,251,540</b>	<b>620,973</b>
Profit for the year		<b>630,569</b>	<b>85,692</b>

**11. INVESTMENT PROPERTY****Group**

	<b>Total</b>
	<b>£</b>
<b>FAIR VALUE</b>	
At 1 October 2020	<b>1,099,000</b>
Revaluations	<b>19,000</b>
	<b>1,118,000</b>
At 30 September 2021	<b>1,118,000</b>
<b>NET BOOK VALUE</b>	
At 30 September 2021	<b>1,118,000</b>
At 30 September 2020	<b>1,099,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**11. INVESTMENT PROPERTY - continued****Group**

Fair value at 30 September 2021 is represented by:

	£
Valuation in 2018	5,634
Valuation in 2019	251,174
Valuation in 2020	(287,962)
Valuation in 2021	19,000
Cost	<u>1,130,154</u>
	<u><u>1,118,000</u></u>

If investment property had not been revalued the would have been included at the following historical cost:

	2021 £	2020 £
Cost	<u>1,130,154</u>	<u>1,130,154</u>

Investment property was valued on a fair value basis on 30 September 2021 by a Director and the Valuation office.

**12. STOCKS**

	<b>Group</b>	
	2021 £	2020 £
Stocks	<u>3,191,352</u>	<u>2,252,925</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	1,925,414	1,947,121	-	-
Amounts owed by group undertakings	-	-	2,050,000	1,650,000
Other debtors	1,289,135	827,954	-	-
Directors' current accounts	-	2,160	-	-
Called up share capital not paid	2	2	2	2
Prepayments and accrued income	460,699	36,343	-	-
	<u>3,675,250</u>	<u>2,813,580</u>	<u>2,050,002</u>	<u>1,650,002</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts (see note 16)	47,882	45,774
Trade creditors	2,159,680	2,119,323
Tax	264,487	218,098
Social security and other taxes	28,568	26,468
VAT	53,920	350,089
Other creditors	1,560,668	811,196
Directors' current accounts	363	-
Accrued expenses	516,715	579,441
	<u>4,632,283</u>	<u>4,150,389</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts (see note 16)	<u>55,407</u>	<u>104,865</u>

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	47,882	45,774
Between one and five years	55,407	104,865
	<u>103,289</u>	<u>150,639</u>

**Group**

	<b>Non-cancellable operating leases</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	220,000	210,000
Between one and five years	306,000	840,000
	<u>526,000</u>	<u>1,050,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts	<b><u>103,289</u></b>	<b><u>150,639</u></b>

Liabilities held under hire purchase agreements are secured against the assets to which they relate.

**18. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Deferred tax	<b><u>55,976</u></b>	<b><u>55,712</u></b>
<b>Group</b>		
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 October 2020		<b>55,712</b>
Excess of capital allowances over depreciation		<b>(3,346)</b>
Investment property fair value change		<b>3,610</b>
Balance at 30 September 2021		<b><u>55,976</u></b>

Deferred tax is recognised in respect of the excess of capital allowances over depreciation and the changes in fair value of the group's investment property.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	<b>2021</b>	<b>2020</b>
			<b>£</b>	<b>£</b>
100,004	Ordinary	<b>£1</b>	<b><u>100,004</u></b>	<b><u>100,004</u></b>

**20. RESERVES**

<b>Group</b>	
	<b>Retained earnings</b>
	<b>£</b>
At 1 October 2020	<b>8,398,744</b>
Profit for the year	<b><u>1,125,437</u></b>
At 30 September 2021	<b><u>9,524,181</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**20. RESERVES - continued****Company**

	Retained earnings £
At 1 October 2020	1,650,000
Profit for the year	400,000
	<hr/>
At 30 September 2021	2,050,000
	<hr/>

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 30 September 2021 and 30 September 2020:

	2021 £	2020 £
<b>S D Miller and C R Miller</b>		
Balance outstanding at start of year	2,160	1,400
Amounts advanced	-	2,160
Amounts repaid	(2,160)	(1,400)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	2,160
	<hr/>	<hr/>

**22. RELATED PARTY DISCLOSURES****Key management personnel of the entity or its parent (in the aggregate)**

	2021 £	2020 £
Amount due from related party	-	2,160
Amount due to related party	363	-
	<hr/>	<hr/>

At the balance sheet date the directors owed the company £nil (2020: £2,160). This amount includes interest of £nil (2020: nil). The balance due has no fixed date of repayment, therefore it is repayable on demand.

The company was charged ground rent of £12,000 by the directors in respect of the company's use of commercial property.

Directors remuneration amounts to £17,631 (2020: £17,419) and was paid by a subsidiary company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**22. RELATED PARTY DISCLOSURES - continued**

***Other related parties***

The company made sales of £6,294,779 (2020: £5,148,950) to entities under the common control of the directors. The amount outstanding at the balance sheet date is £490,304 (2020: £205,359) and is included within trade debtors.

The group received rental income of £140,000 (2020: £140,000) from entities under the common control of the directors.

The group paid rent for warehousing capacity to a company under the common control of the directors amounting to £110,000 (2020: nil).

The group recharged staff costs amounting to £485,000 (2020: £337,469) to a company under the common control of the directors.

Included within other debtors is advances amounting to £1,287,607 (2020: £763,450) due from companies under the common control of the directors.

Included within other creditors is advances amounting to £1,521,484 (2020: £772,364) and an additional £400,000 (2020: £314,386) included within accruals due to companies under the common control of the directors.

During the year, a total of key management personnel compensation of £264,688 (2020 - £262,576) was paid.