Financial Statements
CDSL Group Limited

For the year ended 31 October 2020

Registered number: 11444741

Company Information

Directors	M S Depper (Chairman) M L Depper A C Sharp K M Godfree
Company secretary	K Godfree
Registered number	11444741
Registered office	Connect House Talbot Way Birmingham B10 0HJ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor First Floor Two Chamberlain Square Birmingham B3 3AX
Bankers	Santander Commercial Banking 1 Cornwall Street Birmingham B3 2DX
Solicitors	Eversheds Sutherland (International) LLP 115 Colmore Row Birmingham B3 3AL

Contents

CDSL Group Limited

Group Strategic Report

For the year ended 31 October 2020

The principal activities of the Group during the year were the wholesale of electrical goods and spares and warranty and insurance repair contracts.

The principal activity of the company was that of a holding company which does not trade.

Despite increasing competition in the marketplace, the Group has improved margins through constant focus on sourcing and the directors are pleased with its performance.

Despite the strong results in this report, during a period of significant economic uncertainty due to COVID-19, the group does have to report an expectation of a material reduction in profits for the year ended 31 October 2021. While the group recorded a strong start to its year ended 31 October 2021 financial year, the combined impact of the country exiting the winter COVID-19 lockdown and headwinds from Brexit meant the group had to move at pace to increase stocks and to put in place a large supplementary cost base to manage its supply chains, both into the UK and to support its now strong non-UK customer base from outside of the UK. Whilst absolutely necessary to support the business in that period of uncertainty, the extra costs put into these areas is now the basis of a full restructure being commenced in the business.

Going concern

As part of this restructure, the Directors have prepared a going concern assessment based on forecasts for a period up to October 2024, including the strength of its current UK and non UK portfolio. The group has considered the current risks and opportunities it faces and their potential impact on the cash flows expected to be generated by the group. The continued support of the directors and the bank will ensure the going concern of the group. The Directors believe that the prospects for the business are positive and based on the group's forecasts, the Directors have an expectation that all financial obligations will be met as they fall due for a period of not less than 12 months from the approval of these accounts. Critically, however, the group has required the support of the bank in waiving certain covenants in its 2021 financial year and will require similar support throughout 2022. The shareholders of the business have supported the business with extra funding in 2021 and will provide further funding in early 2022, to ensure that the business's critical IT and website development needs continue and that stock availability levels remain high. The group's bank have also formally signed off all of the support requested by the business.

Principal risks and uncertainties

A risk management process is employed by the directors to regularly review the risks facing the business and to ensure appropriate actions are taken to monitor and mitigate such risks.

Key areas identified for review are around online marketplace activities, key staff retention, exchange rate pressures as well Brexit.

The directors have considered the impact of Brexit, including changes to the regulatory environment in which the entity operates, including tax, customs, legal and data, and the Group's exposure to any such changes.

The Group operates in some very competitive markets, which always pose a risk to the on-going success of the business, and continues to build and develop strong working relationships with its key suppliers. As previously noted, the business is currently carrying much higher levels of stocks to combat potential supply chain delays and constantly monitors and manages its key supplier relationships to mitigate any on-going risks associated with them.

Group Strategic Report (continued)

For the year ended 31 October 2020

Financial risk management policies

The Group's principal financial instruments comprise bank loans and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk
The Group's exposure to market risk for interest rate changes relates primarily to the Group's bank facilities.

Credit risk
The Group trades with only recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity risk
The Group's objective is to maintain balance between continuity of funding and flexibility through the use of overdrafts and bank loans.

Currency risk
As a result of increased levels of transactions with customers and suppliers outside the United Kingdom, the Group's profits can be affected by movements in Euro and US dollar exchange rates. The Group does not seek to hedge this exposure, instead it maintains both Euro and US dollar bank accounts in order to mitigate its exposure to movements in these currencies.

Financial key performance indicators

The directors consider revenue, gross margin and EBITDA to be the principal key performance indicator for the business.

Revenue	£106.8 million (2019: £100.5 million)
Gross margin	36.3% (2019: 36.1%)
EBITDA	£9.6 million (2019: £9.5 million)

The directors are pleased with the performance of the Group, particularly given the impact of the COVID-19 pandemic.

Group Strategic Report (continued)

For the year ended 31 October 2020

Directors' section 172(1) statement of compliance with duty to promote the success of the company

Section 172 of The Companies Act 2006 ("the Act") requires directors to take into account consideration of the interests of stakeholders in their decision making, having regard to the matters set out in Section 172(1) (a)-(f) of the Act..

In accordance with our responsibilities and duties under the Act, the following outlines our engagement with our stakeholders:

Customers

Customer focus is one of the Company's core values. The Company recognises that to thrive and succeed in a fast-changing competitive environment, it must regularly listen to the voice of its customers and adapt to rapidly address their issues and changing needs.

To support customer focus, the Company has implemented a system for the business, which allows for regular tracking and monitoring of client satisfaction.

The benefits of this systematic approach are to:

- help improve solutions and services;
- identify revenue at risk;
- create a first-class client experience;
- encourage a customer first culture;
- build customer loyalty.

Suppliers and partners

CDSL has a supplier engagement programme which is focused on mitigating risk, reducing costs and providing best value to customers.

The Company is continually working to ensure its supply chain is:

- diverse and a source of innovation and economic opportunity for all;
- comprised of other businesses operating ethically and sustainably; and
- reducing carbon emissions and waste.

CDSL's supply chain programme is an integral part of its sustainability strategy. By incorporating good principles of economic, social and environmental sustainability into the business, the Company can create greater value for customers, contribute to more sustainable economies and communities, engage employees, and forge better relationships with stakeholders, including suppliers.

CDSL expects not only reliable quality and service from its suppliers but requires that they share the Company's commitment to ethical standards and business practices. All suppliers are required to adhere to CDSL's Supplier Code of Conduct, which sets clear expectations with respect to relevant practices. In particular, suppliers are required to ensure safe working conditions, treat their employees with respect and dignity, ensure all business operations are operated in an environmentally friendly and responsible manner, and conduct all of their activities ethically and in full compliance with all applicable laws, rules and regulations.

Group Strategic Report (continued)

For the year ended 31 October 2020

Before entering relationships with key suppliers, CDSL conducts appropriate due diligence. Thereafter, the Company requires all suppliers to self-monitor their compliance with the CDSL's Supplier Code of Conduct and inform the Company of any non-compliance. Annual risk assessments are carried out, which assess suppliers on a risk-prioritised basis. While all suppliers are expected to provide responses to reasonable requests for information about compliance with CDSL's Supplier Code of Conduct, high risk suppliers may also be subject to on-site audits. In the event a supplier is found to be in breach of CDSL's requirements, swift action is taken by the Company.

In addition to promoting responsible practices throughout its supply chain, CDSL is committed to supporting its business partners, by paying suppliers on time, within agreed terms, and by giving clear guidance to suppliers.

Employees

CDSL employs more than 650 people. At a time when the world as a whole is undergoing a period of fundamental change, the Company relies on the skills of its talented and diverse workforce to pursue its growth strategy.

CDSL aims to create a positive corporate culture for its employees by listening and responding to their concerns and ideas. The Company informs and consults regularly with employees, in a number of different ways, including Employee Forums, team meetings, and monthly newsletters, on matters affecting their interests with a view to achieving a common awareness of the financial and economic factors affecting its performance. The views expressed by employees have been considered when making decisions where appropriate.

Diversity and inclusion

The Company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The appropriate training, according to business need, is provided to enable all employees to improve their performance and to achieve the performance standards and targets set by the Company, regardless of colour, race, nationality, ethnic origin, sex, marital status, disability, part-time or fixed term status, parental responsibilities, age, religion/belief or sexual orientation.

Health and safety

CDSL takes a proactive approach to providing its employees with safe and healthy working conditions, and to continuously identifying areas for improvement.

The Group has a comprehensive Health and Safety Policy, including internal policy manuals and guidance packs for all employees. The Company operates and complies to an Occupational Health and Safety Management System OHS 657605.

In addition to eliminating hazards and reducing occupational health and safety risks through its risk assessment processes, CDSL's management regularly involves the Company's employees in its consultation processes on health and safety issues.

Training and development

CDSL believes that learning and development play an essential role in facilitating growth and innovation.

The Company's Learning and Development team runs in-house induction and a wide range of training and development programmes for all employees. CDSL's online Learning Management System allows all employees to learn and develop using a number of different methods, with materials contained on the system supporting any classroom-based training employees will undertake with materials, eLearning, videos and links to articles and additional information.

The Company also places great emphasis on leadership development. Its bespoke and holistic leadership development programme, 'Leading the Way', is focused on enhancing the self-awareness, self-confidence and capability of CDSL Leaders to lead a constantly evolving and developing environment. In addition, all new managers and those promoted into a managerial position receive a Managers Induction on starting their role. This programme is designed to support leaders with both the practical and emotional part of their role, from delivering new starter reviews, to understanding how to recognise mental health within their teams.

In its efforts to build a talent pipeline, CDSL works in conjunction with a number of partners who support its Apprenticeship Programme. The Company's Graduate Scheme allows graduates to spend three months in four areas of the business. During this time, they are given specific projects to deliver. At the end of the 12-month programme, they are assessed on key metrics such as behaviour, skills and ability, and in many instances offered a full-time role.

In addition to providing in-house training, CDSL supports its employees in obtaining external qualifications relevant to their role.

<u>**Society and environment**</u>

Environment

Making a positive impact on the planet is at the heart of CDSL's purpose. The Company's business model is centred on helping individuals and organisations repair their appliances, rather than throwing them away. The Company promotes a 'fix it first' approach among its customers by providing not only spare parts for their appliances, but also an online advice centre and how-to videos through the Group's websites. By empowering its customers and the general public to repair products, CDSL plays an important role in creating a circular economy and reducing electronic waste, the world's fastest growing waste stream (United Nations Global E-waste Monitor, 2019).

In addition, CDSL's strategy remains focused on limiting the environmental impact of its businesses, developing responsible purchasing programmes, involving its entire value chain in a shared continuous improvement process, and incorporating sustainability principles into its service proposition.

In order to optimise energy efficiency of the Group's buildings, CDSL commissions regular Energy Savings Opportunity Scheme (ESOS) assessments, which are carried out by a qualified external assessor. The Company carefully reviews and adopts relevant recommendations provided by such reports to further reduce its energy consumption and increase efficiency.

To minimise the amount of waste from its facilities that is transported to landfills, CDSL places great emphasis on recycling its own waste. In 2020, CDSL recycled 45.68% of waste generated by the Group.

Group Strategic Report (continued)

For the year ended 31 October 2020*Community*

Community

As a responsible citizen, CDSL strives to make a genuine difference in the communities in which it operates. The Company gives back through fund raising, raising awareness and volunteerism.

One of the causes the Company has supported for over 10 years is John Taylor Hospice, which provides a home for those who need it, helping families through the hardest of times. Since 2010, CDSL has raised over £160,000 for this worthy cause. Other charities that are close to the Group's business are Mind Mental Health, CALM (Campaign Against Living Miserably), SIFA Fireside, and Free Radio Cash.

To help raise funds and awareness for these important causes, CDSL takes part in a range of sponsored activities. The Group also supports national charities by taking part in fundraising events such as Jeans for Genes, Red Nose Day, Macmillan Coffee Morning, Children in Need and Christmas Jumper Day.

To facilitate the Group's charitable activities and encourage employee engagement, CDSL has established a Charity Committee which consists of employees from across the business. This forum provides a communication platform for employees to discuss new initiatives and charities for CDSL to support.

Streamlined Energy and Carbon Reporting (SECR)

Effective from 1 April 2019, The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced the requirement for annual energy and carbon reporting. This is the first year of reporting. Future reports will compare performance against the previous year.

Greenhouse Gas emissions are categorised into three groups, or Scopes, and tabulated below:

GHG Emissions & Energy for the Reporting Year 1st July 2019 to 30th June 2020	Energy Equivalent kWh	Carbon Emissions tonnes CO_2e
Scope 1 – Direct Emissions		
Natural Gas	3,244,327	596.5
Transport related fuel	31,918	7.8
Red diesel (non-transport fuel)	15,415	4.0
Scope 2 – Indirect Emissions		
Electricity	2,072,848	483.3
Total	5,364,508	1,091.6
Intensity Ratio	Total tonnes (CO_2e) per £M turnover - 10.2	

Methodology

Greenhouse gas emissions are reported in gross tonnes CO_2e in line with the requirements of large unquoted companies set out in the UK Government's Environmental Reporting Guidelines (March 2019 version) and use the UK Government GHG (Green House Gas) Conversion Factors for Company Reporting (2020 version 1.0). The operational control approach for the Group's activities has been applied and is guided by the GHG Protocol – Corporate Standard (revised edition). Gross calorific values have been applied to conversion of natural gas and red diesel in the calculation of equivalent energy and emissions; with net calorific values used in transport calculations. Emissions from electricity are location based and report grid purchased electricity (Scope 2).

Group Strategic Report (continued)

For the year ended 31 October 2020

Intensity Ratios compare emissions data with an appropriate business metric or financial indicator. The company has chosen Total tonnes of Carbon dioxide equivalent (CO_2e – the term used to describe different greenhouse gases in a common unit) per £M turnover for its Intensity Ratio.

This is the first year of reporting. In collating the required data it was identified that energy relating to the company's two vans had not been recorded. We are improving our data processes to capture this information for next year's report.

Energy Efficiency

We have a number of internal programmes in place looking at how we reduce our carbon footprint in both absolute and relative (intensity) terms. These include areas such as improvement in the layout of our warehouses, reducing transportation between warehouses and increased automation.

Other key performance indicators

Other non-financial key performance indicators of the business monitored by the directors are the percentage of orders fulfilled and the number of complaints, including returns, as a percentage of stock lines ordered. The Group seeks to fulfil all orders and monitors closely the reasons why either an order is not fulfilled or an item is returned, measuring all picking and packing errors, delayed orders, late deliveries and transit damage. It aims to achieve complaints as a percentage of lines ordered of 1% or less. The Group surveys customer satisfaction levels of all its trade customers. On the insurance repair contract side, the Group measures call centre activity, the average time to answer calls and the average days per job. Performance in all areas surpassed the KPIs and on that basis the directors are pleased with the performance of the business.

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

M L Depper
Director

22 December 2021

Directors' Report

For the year ended 31 October 2020

The directors present their report and the financial statements for the year ended 31 October 2020.

Results and dividends

The consolidated operating profit for the year, before amortisation, amounted to £8,312,221 after exceptional costs of £284,436 (2019 £8,402,141).The consolidated loss for the year, after taxation, amounted to £8,498,531 (2019 £8,152,516).

Dividends of £597,000 were paid during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year and up to the date of signing these financial statements were:

M S Depper
M L Depper
A C Sharp
K M Godfree

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Directors' Report (continued)

For the year ended 31 October 2020

Qualifying third party indemnity provisions

Qualifying indemnity insurance was in place for the directors during the year which was also in force at the date of this report.

Matters covered in the strategic report

Future developments and financial risk management policies are considered by the directors to be of strategic importance and have therefore been included in the Group Strategic report. Details of the Group's engagement with employees and employment of disabled employees is also included in the Group Strategic Report.

Disclosure of information to auditor

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

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

Auditor

Mazars LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

M L Depper
Director
22 December 2021

Independent Auditor's Report to the Members of CDSL Group Limited

Opinion
We have audited the financial statements of CDSL Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the 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 31 October 2020 and of its loss 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of CDSL 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific 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 8, 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 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of CDSL Group Limited

Use of the audit 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.

Ian Holder

Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

23 December 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2020

	Note	2020 £	2019 £
Turnover	4	**106,786,329**	100,512,669
Cost of sales		**(68,023,626)**	(64,271,900)
Gross profit		**38,762,703**	36,240,769
Distribution costs		**(7,328,096)**	(6,614,407)
Administrative expenses		**(22,837,950)**	(21,224,221)
Exceptional costs - restructuring and redundancies		**(284,436)**	-
Operating profit before amortisation of goodwill		**8,312,221**	8,402,141
Exceptional expense – goodwill amortisation		**(12,840,576)**	(12,656,042)
Operating loss	5	**(4,528,355)**	(4,253,901)
Interest receivable and similar income	9	**4,003**	1,430
Interest payable and expenses	10	**(2,456,659)**	(2,635,380)
Loss before taxation		**(6,981,011)**	(6,887,851)
Tax on loss	11	**(1,517,520)**	(1,264,665)
Loss for the financial year		**(8,498,531)**	(8,152,516)

There was no other comprehensive income for the year ended 31 October 2020 (2019 £Nil).

The notes on pages 20 to 39 form part of these financial statements.

CDSL Group Limited
Registered number:03392634

Consolidated Statement of Financial Position

As at 31 October 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible fixed assets	12		45,154,663		57,359,698
Tangible fixed assets	13		8,398,546		8,489,637
Fixed asset investments	14		421,348		86
			53,974,557		65,849,421
Current assets					
Stocks	16	9,948,860		10,327,130	
Debtors: amounts falling due within one year	17	9,275,159		11,057,146	
Cash at bank and in hand	18	3,935,884		997,317	
		23,159,903		22,381,593	
Creditors: amounts falling due within one year	19	(23,176,884)		(23,480,572)	
Net current liabilities			(16,981)		(1,098,979)
Total assets less current liabilities			53,957,576		64,750,442
Creditors: amounts falling due after one year	20		(45,626,818)		(47,866,026)
Provisions for liabilities					
Deferred taxation	22		(952,740)		(805,718)
Net assets			7,378,018		16,078,698
Capital and reserves					
Called up share capital	23		1,275		1,000
Share premium account	24		24,619,479		24,238,904
Other reserves	24		5,311		(8,690)
Profit and loss account	24		(17,248,047)		(8,152,516)
			7,378,018		16,078,698

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

M L Depper
Director
22 December 2021

The notes on pages 20 to 39 form part of these financial statements.

CDSL Group Limited
Registered number:03392634

Company Statement of Financial Position

As at 31 October 2020

	Note	2020 £	£	2019 £	£
Fixed assets					
Fixed asset investments	14		**83,192,447**		83,192,447
Current assets					
Debtors: amounts falling due within one year	17	**1,774,899**		294,444	
Creditors: amounts falling due within one year	19	**(8,344,569)**		(14,071,991)	
Net current liabilities			**(6,569,670)**		(13,777,547)
Total assets less current liabilities			**76,622,777**		69,414,900
Creditors: amounts falling due after one year	20		**(45,359,818)**		(47,282,026)
Net assets			**31,262,959**		22,132,874
Capital and reserves					
Called up share capital	23		**1,275**		1,000
Share premium account	24		**24,619,479**		24,238,904
Profit and loss account	24		**6,642,205**		(2,107,030)
			31,262,959		22,132,874

No statement of comprehensive income is presented for CDSL Group Limited as permitted by Section 408 of the Companies Act 2006. The company recorded a profit for the financial year after tax of £9,346,235 (2019 £2,107,030).

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

M L Depper
Director
22 December 2021

The notes on pages 20 to 39 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 October 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
Comprehensive income for the year					
Loss for the year	-	-	-	(8,152,516)	(8,152,516)
Total comprehensive income for the year	-	-	-	(8,152,516)	(8,152,516)
Other comprehensive income for the year					
Shares issued in year	1,000	24,238,904	-	-	24,239,904
Foreign translation reserve	-	-	(8,690)	-	(8,690)
Total transactions with owners	1,000	24,238,904	(8,690)	(8,152,516)	24,231,214
At 1 November 2019	**1,000**	**24,238,904**	**(8,690)**	**(8,152,516)**	**16,078,698**
Loss for the year	-	-	-	(8,498,531)	(8,498,531)
Total comprehensive income for the year	-	-	-	(8,498,531)	(8,498,531)
Foreign translation reserve	-	-	14,001	-	14,001
Shares issued in year	275	380,575		-	380,850
Dividends paid	-	-	-	(597,000)	(597,000)
Total transactions with owners	275	380,575	14,001	(597,000)	(202,149)
At 31 October 2020	**1,275**	**24,619,479**	**5,311**	**(17,248,047)**	**7,378,018**

Company Statement of Changes in Equity

For the year ended 31 October 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Shares issued on incorporation	-	-	-	-
At 31 October 2018	-	-	-	-
Comprehensive income for the year				
Loss for the year	-	-	(2,107,030)	(2,107,030)
Total comprehensive income for the year	-	-	(2,107,030)	(2,107,030)
Other comprehensive income for the year				
Shares issued in year	1,000	24,238,904	-	24,239,904
Total transactions with owners	1,000	24,238,904	-	24,239,904
At 1 November 2019	**1,000**	**24,238,904**	**(2,107,030)**	**22,132,874**
Comprehensive income for the year				
Profit for the year	-	-	9,346,235	9,346,235
Total comprehensive income for the year	-	-	9,346,235	9,346,235
Other comprehensive income for the year				
Shares issued in year	275	380,575	-	380,850
Dividends paid	-	-	(597,000)	(597,000)
Total transactions with owners	275	380,575	(597,000)	(216,150)
At 31 October 2020	**1,275**	**24,619,479**	**6,642,205**	**31,262,959**

CDSL Group Limited

Consolidated Statement of Cash Flows

For the year ended 31 October 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	**(8,498,531)**	(8,152,516)
Adjustments for:		
Amortisation of intangible assets	**762,606**	628,624
Amortisation of goodwill	**12,840,576**	12,656,042
Depreciation of tangible assets	**513,163**	516,479
Interest payable	**2,456,659**	2,635,380
Interest receivable	**(4,003)**	(1,430)
Taxation charge	**1,517,520**	1,264,665
RDEC tax credit	**(142,310)**	(377,888)
Decrease in stocks	**378,270**	(1,099,597)
Decrease in debtors	**1,174,686**	2,116,426
(Decrease)/increase in creditors	**(1,304,422)**	4,420,387
Corporation tax paid	**(695,974)**	(2,124,641)
Loss on disposal of tangible fixed assets	**-**	133
Movement in foreign translation reserve	**17,977**	(8,690)
Net cash generated from operating activities	**9,016,217**	12,473,374
Cash flows from investing activities		
Purchase of intangible fixed assets	**(1,398,147)**	(1,317,866)
Purchase of tangible fixed assets	**(418,096)**	(299,546)
Purchase of subsidiary undertakings and joint ventures	**(421,259)**	(36,985,673)
Deferred consideration paid	**(157,684)**	-
Net debt acquired on acquisition	**-**	(2,842,071)
Interest received	**4,003**	1,430
Net cash outflow from investing activities	**(2,391,183)**	(41,443,726)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 October 2020

	2020 £	2019 £
Cash flows from financing activities		
Repayment of borrowings	**(2,033,334)**	(3,150,001)
Proceeds from borrowings	**288,367**	34,075,000
Interest paid	**(1,456,659)**	(1,442,171)
Net cash used in financing activities	**(3,201,626)**	29,482,828
Net increase in cash and cash equivalents	**3,423,408**	512,476
Cash and cash equivalents at beginning of period	**512,476**	-
Cash and cash equivalents at the end of period	**3,935,884**	512,476
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**3,935,884**	997,317
Bank overdrafts	**-**	(484,841)
	3,935,884	512,476

Analysis of changes in net debt

	1 November 2019 £	Cash flows £	Other non-cash changes £	31 October 2020 £
Cash and cash equivalents				
Cash	997,317	2,938,567	-	**3,935,884**
Short-term borrowings	(484,841)	484,841	-	**-**
Borrowings	512,476	3,423,408	-	**3,935,884**
Debt due within one year	(3,917,088)	-	(2,144)	**(3,919,232)**
Debt due after one year	(47,282,026)	1,744,967	(89,759)	**(45,626,818)**
	(50,686,638)	5,168,375	(91,903)	**(45,610,166)**

The notes on pages 20 to 39 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 October 2020

2. Accounting policies (continued)

1. General information

The company is private, limited by shares and incorporated in England and Wales. The registered office is Connect House, Talbot Way, Birmingham, B10 0HJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared profit and cash flow forecasts which indicate that the company can continue to trade and meet financial and other commitments as they fall due throughout the year following the date of approval of these financial statements.

Based on the facts and circumstances known at this moment and the possible scenarios of how the COVID-19 virus and resulting government measures could continue to evolve, management has determined that the use of the going concern assumption is warranted.

Despite the strong results in this report, during a period of significant economic uncertainty due to COVID-19, the group does have to report an expectation of a material reduction in profits for the year ended 31 October 2021. While the group recorded a strong start to its year ended 31 October 2021 financial year, the combined impact of the country exiting the winter COVID-19 lockdown and headwinds from Brexit meant the group had to move at pace to increase stocks and to put in place a large supplementary cost base to manage its supply chains, both into the UK and to support its now strong non-UK customer base from outside of the UK. Whilst absolutely necessary to support the business in that period of uncertainty, the extra costs put into these areas is now the basis of a full restructure being commenced in the business.

As part of this restructure, the Directors have prepared a going concern assessment based on forecasts for a period up to October 2024, including the strength of its current UK and non UK portfolio. The group has considered the current risks and opportunities it faces and their potential impact on the cash flows expected to be generated by the group. The continued support of the directors and the bank will ensure the going concern of the group. The Directors believe that the prospects for the business are positive and based on the group's forecasts, the Directors have an expectation that all financial obligations will be met as they fall due for a period of not less than 12 months from the approval of these accounts. Critically, however, the group has required the support of the bank in waiving certain covenants in its 2021 financial year and will require similar support throughout 2022. The shareholders of the business have supported the business with extra funding in 2021 and will provide further funding in early 2022, to ensure that the business's critical IT and website development needs continue and that stock availability levels remain high. The group's bank have also formally signed off all of the support requested by the business.

2.4 Revenue

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

Sale of goods

Revenue from the wholesale of electrical goods and spares is recognised when all of the following conditions are satisfied:

> the company has transferred the significant risks and rewards of ownership to the buyer;
> the amount of revenue can be measured reliably;
> it is probable that the company will receive the consideration due under the transaction; and
> the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from warranty and insurance repair contracts is recognised evenly in the year in which the services are provided when all of the following conditions are satisfied:

> the amount of revenue can be measured reliably;
> it is probable that the company will receive the consideration due under the contract; and
> the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life which is estimated to be 5 years.

Other intangible assets

Intangible assets are initially recognised at cost. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The carrying value of costs in relation to software which is not yet available for use is reviewed annually for impairment.

2.6 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% - 10% straight line
Plant & machinery	- 25% reducing balance and 10% straight line
Motor vehicles	- 25% reducing balance
Fixtures & fittings	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Other financial assets, including associates and joint ventures, are initially measured at fair value, which is normally the transaction price.

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks, loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the year ended 31 October 2020

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP sterling.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Operating leases

Rentals paid 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.

Notes to the Financial Statements

For the year 31 October 2020

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

> The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
> Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the year 31 October 2020

2. Accounting policies (continued)

2.21 Employee benefits

The costs of short term employee benefits are recognised as an expense in the period in which they are incurred.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following judgement has a material impact on the financial statements:

Impairment of intangible assets
Judgement in respect of future benefits arising from capitalised intangible assets is required in the annual impairment review.

The directors consider there to be no estimates that have a material impact on the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Sale of goods	**95,237,370**	88,860,328
Provision of services	**11,548,959**	11,652,341
	106,786,329	100,512,669

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	**92,221,207**	88,218,443
Europe	**14,202,394**	11,523,653
Rest of the World	**362,728**	770,573
	106,786,329	100,512,669

Notes to the Financial Statements
For the year ended 31 October 2020

5. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	**513,163**	516,479
Amortisation of intangible assets, including goodwill	**13,603,182**	13,284,666
Operating lease costs	**655,663**	297,885

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**47,500**	37,800

Fees payable to the Group's auditor and its associates in respect of:

	2020 £	2019 £
Taxation compliance services	**10,400**	6,950
Other assurance services	**32,700**	92,363
	43,100	99,313

7. Employees

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

	2020 £	2019 £
Wages and salaries	**15,968,395**	14,440,214
Social security costs	**1,550,996**	1,447,759
Pension costs (note 26)	**603,655**	399,146
	18,123,046	16,287,119

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

	2020 No.	2019 No.
Administration and financial	**237**	239
Selling and distribution	**161**	154
Warehousing	**257**	236
	655	629

Notes to the Financial Statements

For the year ended 31 October 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	**846,527**	1,508,723
Company contributions to defined contribution pension schemes	**9,570**	9,030
	856,097	1,517,753

During the period retirement benefits were accruing to one (2019: two) director in respect of defined contribution pension schemes.

The highest paid director received remuneration of £242,364 (2019: £444,733). The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2019: £NIL).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	**4,003**	1,430

10. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	**1,293,248**	1,387,408
Loan notes interest payable	**1,000,000**	996,000
Other interest payable	**163,411**	251,972
	2,456,659	2,635,380

Notes to the Financial Statements
For the year ended 31 October 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the period	**1,063,620**	1,169,189
Adjustments in respect of earlier periods	**306,878**	(378,524)
Total current tax	**1,370,498**	790,665
Deferred tax		
Origination and reversal of timing differences	**147,022**	(24,346)
Adjustments in respect of earlier periods	**-**	498,346
Total deferred tax	**147,022**	474,000
Taxation on loss on ordinary activities	**1,517,520**	1,264,665

Factors affecting tax charge for the period

The tax assessed for the period is higher the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	**(6,981,256)**	(6,887,851)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	**(1,326,438)**	(1,308,691)
Non-tax deductible amortisation of goodwill	**2,441,609**	2,404,648
Fixed asset timing differences	**31,675**	33,330
Expenses not deductible for tax purposes	**13,090**	193,888
Other short term timing differences	**50,706**	(159,286)
Adjustments to tax charge in respect of earlier periods	**306,878**	119,822
Change in rate of deferred tax	**-**	(19,046)
Total tax charge for the period	**1,517,520**	1,264,665

Factors that may affect future tax charges

There are no factors that will affect the Group's tax charge in the future.

CDSL Group Limited

Notes to the Financial Statements

For the year ended 31 October 2020

12. Intangible fixed assets

Group

	Software £	Goodwill £	Total £
Cost			
At 1 November 2019	7,128,450	64,202,875	71,331,325
Additions	1,398,147	-	1,398,147
At 31 October 2020	8,526,597	64,202,875	72,729,472
Amortisation			
At 1 November 2019	1,315,585	12,656,042	13,971,627
Charge for the year	762,606	12,840,576	13,603,182
At 31 October 2020	2,078,191	25,496,618	27,574,809
Net book value			
At 31 October 2020	**6,448,406**	**38,706,257**	**45,154,663**
At 31 October 2019	5,812,865	51,546,833	57,359,698

Notes to the Financial Statements
For the year ended 31 October 2020

13. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 November 2019	11,642,922	3,179,084	80,274	5,626,788	20,529,068
Adjustment on foreign exchange	-	2,995	-	989	3,984
Additions	11,063	81,516	-	325,517	418,096
Disposals	-	(23,587)	-	(116,409)	(139,996)
At 31 October 2020	11,653,985	3,240,008	80,274	5,836,885	20,811,152
Depreciation					
At 1 November 2019	4,247,939	2,611,057	55,288	5,125,147	12,039,431
Adjustment on foreign exchange	-	8	-	-	8
Charge for the period on owned assets	227,896	114,237	6,247	164,783	513,163
Disposals	-	(23,587)	-	(116,409)	(139,996)
At 31 October 2020	4,475,835	2,701,715	61,535	5,173,521	12,412,606
Net book value					
At 31 October 2020	**7,178,150**	**538,293**	**18,739**	**663,364**	**8,398,546**
At 31 October 2019	7,394,983	531,973	24,986	537,695	8,489,637

Notes to the Financial Statements

For the year ended 31 October 2020

14. Fixed asset investments

Group
Investments in joint ventures and associated undertaking

	£
Cost	
At 1 November 2019	86
Additions in the year	421,262
At 31 October 2020	421,348
Net book value	
At 31 October 2019	86
At 31 October 2020	**421,348**

During the year a Group company invested £341,076 for a 49% shareholding in Jiaxing Iclean Filter Technology Co. Ltd China. This does not represent a controlling interest so the investment has been treated as a joint venture.

Also during the year a Group company invested £80,186 for a 10% shareholding in Logconnect, France.

Company
Investments in subsidiary companies

	£
Cost	
At 1 November 2019 and at 31 October 2020	83,192,447
Net book value	
At 31 October 2019 and at 31 October 2020	**83,192,447**

Notes to the Financial Statements

For the year ended 31 October 2020

15. Subsidiary undertakings

The company owns entire issued share capital of the following undertakings, all of which are registered in England and Wales:

Electruepart Limited
Connect Distribution Services Limited*
eSpares Limited*
Postal Parts Limited*
Electrue Sales Limited*
Medco Limited*
HRS Electronics Limited *
Datapart Limited *
HRS Components Limited *
Willowvale Electronics Limited*
Our House Limited *
Wellco Limited*
Parts Mart Limited*
Filter FLO Limited*
Buyspares Limited*
Repaircare Limited*
365 Spares Limited*
365 Spares International Limited*
WOW Discounts Limited*
CDSL Europe Limited*
Electromenager Pieces Services SAS*
CDS Europe SAS*

The principal activity of Connect Distribution Services Limited is the wholesale of electrical goods and spares and warranty and insurance repair contracts. The principal activity of eSpares Limited is the sale of spares and accessories for domestic appliances and garden products, marketed over the internet. All other subsidiary companies are dormant.

(* held indirectly)

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	**9,948,860**	10,327,130	-	-

Stock recognised in cost of sales during the year as an expense was £ 56,540,762 (2019 £53,526,085).

An impairment loss of £365,078 (2019 £263,868) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the Financial Statements

For the year ended 31 October 2020

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	**7,018,657**	9,887,451	**-**	-
Amounts owed by related parties	**521,888**	43,105	**-**	-
Amounts owed by group undertakings	**-**	-	**830,601**	-
Prepayments and accrued income	**1,734,614**	1,126,590	**565,058**	105,204
Deferred tax asset	**-**	-	**379,240**	189,240
	9,275,159	11,057,146	**1,774,899**	294,444

Amounts owed by group undertakings are unsecured, do not attract interest and are repayable on demand.

The total value of debts written off during the period is £16,102 (2019 £5,980).

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	**3,935,884**	997,317	**-**	-
Less: bank overdrafts	**-**	(484,841)	**-**	-
	3,935,884	512,476	**-**	-

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	**-**	484,841	**-**	-
Bank loans	**3,919,232**	3,917,088	**3,897,865**	3,917,088
Trade creditors	**9,224,681**	12,669,084	**-**	-
Amounts owed to group undertakings	**-**	-	**2,341,504**	9,135,805
Corporation tax	**1,192,275**	695,974	**109,200**	-
Other taxation and social security	**3,118,952**	2,088,196	**-**	-
Accruals and deferred income	**4,179,668**	2,414,012	**1,996,000**	1,019,098
Other creditors	**1,542,076**	1,211,377	**-**	-
	23,176,884	23,480,572	**8,344,569**	14,071,991

Amounts owed to group undertakings are unsecured, do not attract interest and are repayable on demand.

Notes to the Financial Statements
For the year ended 31 October 2020

20. Creditors: Amounts falling due after one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	**25,626,818**	27,282,026	**25,359,818**	27,282,026
Loan notes	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Deferred consideration	**-**	584,000	**-**	-
	45,626,818	47,866,026	**45,359,818**	47,282,026

The bank loans are secured over the assets of the Group, pay interest at a normal commercial rate and are repayable by instalments prior to 5 November 2024.

The loan notes are unsecured, pay interest at a normal commercial rate and are repayable in full on 5 November 2033.

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Cash	**3,935,884**	997,317	**-**	-
Financial assets that are debt instruments measured at amortised cost	**7,540,545**	9,930,554	**830,601**	-
	11,476,429	10,927,871	**830,601**	-
Financial liabilities				
Financial liabilities measured at amortised cost	**63,431,759**	67,652,612	**53,870,655**	61,354,017

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Notes to the Financial Statements
For the year ended 31 October 2020

22. Deferred taxation

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Brought forward at 1 November 2019	**805,718**	-	**(189,240)**	-
Acquired on acquisition	-	331,718	-	-
Charge/(credit) to profit or loss	**147,022**	474,000	**(190,000)**	(189,240)
At end of period	**952,740**	805,718	**(379,240)**	(189,240)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	**1,335,325**	1,030,707	-	-
Short term timing differences	**(382,585)**	(224,989)	**(379,240)**	(189,240)
At end of period	**952,740**	805,718	**(379,240)**	(189,240)

23. Share capital

	2020	2019
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
100,000 A Ordinary shares of £0.01 each	**1,000**	1,000
20,000 B Ordinary shares of £0.01 each	**200**	-
7,500 C Ordinary shares of £0.01 each	**75**	-
	1,275	1,000

On 26 February 2020 the Company converted 100,000 Ordinary shares of £0.01 shares to 100,000 A Ordinary shares of £0.01 each. On the same date the Company issued 20,000 B Ordinary shares of £0.01 each at a premium of £16.79 and 7,500 C Ordinary shares of £0.01 each at a premium of £5.97 each.

The A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares are treated pari passu and as if they constituted one class of Share.

The rights attaching to the shares on a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its debts and liabilities ("Capital Proceeds") shall be applied and be distributed in the following order of priority:

- up to and including £45,000,000, to the holders of A Ordinary Shares (pro rata according to the number of shares held);
- in excess of £45,000,000 and up to and including £60,000,000, to the holders of A Ordinary Shares and B Ordinary Shares (pari passu as if such shares constituted one class and pro rata according to the number of shares held); and
- in excess of £60,000,000 to the holders of A Ordinary Shares, B Ordinary Shares and C Ordinary Shares (pari passu as if such shares constituted one class and pro rata according to the number of shares held).

The C Ordinary shares are non-voting.

24. Reserves

Share premium account
Includes premiums received on issue of share capital.

Other reserves
Includes the foreign translation movements on the retranslation of foreign subsidiaries.

Profit and loss account
Includes all current and prior year retained profit and losses.

25. Commitments under operating leases

At 31 October 2020 the Group and company had future minimum lease payments due under non-cancellable operating leases for the following period:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	**318,311**	25,819	**-**	-
Later than 1 year and not later than 5 years	**313,941**	574,436	**-**	-
	632,252	600,255	**-**	-

26. Pension commitments

The group operates a defined contribution pension scheme for its employees. Contributions to the scheme have been made by Connect Distribution Services Limited during the year. The assets of the scheme are held separately from those of the group in an independently administered fund. There were no unpaid or prepaid contributions at the year end.

27. Related party transactions

The directors are considered to be the only key management personnel of the Group. Their remuneration is disclosed elsewhere in these financial statements.

Two directors, A Sharp and K Godfree, subscribed for shares in the year. A total of 20,000 B Ordinary Shares of £0.01 each were purchased at a premium of £16.79. The total cost of £336,000 was due from the directors at the year-end, being £235,200 due from A Sharp and £100,800 due from K Godfree, and is included within Prepayments and accrued income (Note 17). This was the maximum amount due from the directors during the year.

Total dividends of £597,000 were paid to the A Ordinary shareholders in the year, with £189,000 being paid to A Sharp and M L Depper and £219,000 being paid to M S Depper.

The unsecured loan notes of £20,000,000 (2019 £20,000,000) are payable to a connected party of the two directors, M L Depper and M S Depper. These unsecured loan notes pay interest at a normal commercial rate and are repayable in full on 5 November 2033. Accrued interest of £1,996,000 (2019 £996,000) is included within Accruals and deferred income.

Also included within Accruals and deferred income is £nil (2019 £400,000) due to a director, A Sharp. This amount was repaid in full in January 2020.

The directors have taken advantage of the exemption under FRS 102 not to disclose transactions with group members as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

Notes to the Financial Statements

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28. Contingent liabilities

A group company set up an incentive arrangement for key management personnel in February 2013. These arrangements are currently subject to enquiry by HMRC. If HMRC determines that the arrangements are not a valid incentive plan for tax purposes, Employers National Insurance Contributions, Employees National Insurance Contributions and PAYE could be due and payable by the company The directors are vigorously defending the tax status of the arrangements and are of the opinion that no further tax liabilities will arise, although the outcome of the enquiry is not expected to be known before the end of 2021. On this basis, it is considered appropriate to disclose a contingent liability in respect of this issue.

In the event HMRC is successful in challenging the arrangement, the directors' current best estimate of the maximum potential exposure to Employers National Insurance Contributions, Employees National Insurance Contributions and PAYE is approximately £750,000.

There were no other contingent liabilities at 31 October 2020 (2019 £Nil).

29. Controlling party

This company has no ultimate controlling party by virtue of the diverse ownership of the shares with voting rights in the company.