

Company Registration No. 05760284 (England and Wales)

MELLER DESIGN SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



MELLER DESIGN SOLUTIONS LIMITED

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MELLER DESIGN SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr D R Meller CBE Mr M J Meller	(Appointed 29 January 2021) (Appointed 29 January 2021)
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Company number	05760284
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Registered office	Unit H Bedford Business Centre Mile Road Bedford United Kingdom MK42 9TW
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Auditor	Azets Audit Services Limited Ashcombe Court Woolsack Way Godalming Surrey United Kingdom GU7 1LQ
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MELLER DESIGN SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report of Meller Design Solutions Limited ("the Company") for the year ended 31 December 2021.

Fair review of the business

Turnover increased by 42% to £35 million (2020 - £24.7 million) reflecting sales volume increases with customers.

Operating profits grew to £4.2 million (2020 - £1.1 million) due to the increased sales.

Objectives of the Company

The Company's main objectives are for growth in sales and profitability. This will be achieved by building on the success of existing ranges with its current customers whilst seeking to expand into new markets and build relationships with new customers.

Markets

The Company operates in two primary markets being Beauty & Home accessories and Fragrances.

Performance

Sales performance has been strong despite the tough trading conditions. The business continues to increase sales volumes with existing customers appreciating high levels of innovative design and quality.

Internal cost monitoring

The Company has a clear focus on efficient cost management and has a long-term efficiency program in place to effectively manage cost. Where appropriate the Company has improved sourcing and made internal cost savings to manage costs and preserve margins.

Principal risks and uncertainties

The Company operates in a competitive market place and there are a number of risks managed by the business as follows:

Foreign exchange risk

The Company's activities expose it to the financial risk of changes in foreign currency, principally the US Dollar, Polish Zloty, Chinese Yuan and Thai Baht. The Company manages these risks by using hedging techniques where appropriate. Foreign currency purchases are hedged with forward currency contracts where deemed appropriate and where possible natural hedging is utilised.

Market risk

Sales in luxury items will continue to be impacted by reductions in disposable income and any further downturn in the UK economy may impact results. The profitability of many UK retailers is currently under pressure due to a decline in consumer confidence and a need for structural changes as less business is transacted on the high street and more is online.

Raw material price risk

The business has diversified risk where possible through using a variety of suppliers and, where practical, securing required raw materials in advance.

The Company does not use derivative financial instruments for speculative purposes.

Liquidity risk

The Company actively monitors and manages its working capital and expected future cash flows to ensure the Company has sufficient available funds for operations and planned expansion.

MELLER DESIGN SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Covid-19

The UK suffered a pandemic during 2020 and 2021. The Company successfully adapted its ways of working in order to keep its staff safe whilst continuing to provide the highest level of customer service. Whilst there has been an impact on demand in the UK retail environment, the impact has been limited for the Company as many of its products continue to be sold through its customers' online businesses and stores. The Company has also used its experience in beauty products to develop and source hand sanitisers for sale to its customers.

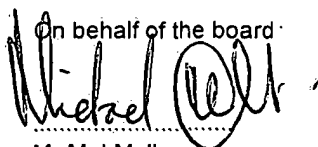
Key performance indicators

Gross margin increased to 25.7% (2020 – 22.5%) due to a changed product mix. Profit before tax increased to £4.2 million (2020 - £1.0 million) due to increased turnover and improved margins.

Other key performance indicators

Sales per employee of £1,095,211 increased from £850,096 in 2020 as increased sales volumes were accommodated with limited additional resources required.

On behalf of the board



Mr M J Meller

Director

Date:

6/9/22

MELLER DESIGN SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The Company's principal activity is wholesaling own label and branded toiletry products, toiletry gifts and home fragrance products to UK retailers and as such is reliant on both maintaining a good knowledge of ever changing customer tastes and the UK economy.

Results and dividends

The profit for the year, after taxation, amounted to £3,365,924 (2020 - £915,295).

Ordinary dividends paid in the year amounted to £Nil (2020 - £990,902).

Dividends paid are disclosed in note 9 of the financial statements.

Directors

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

Mr D R Meller CBE	(Appointed 29 January 2021)
Mr M J Meller	(Appointed 29 January 2021)
J C McGrath	(Resigned 29 January 2021)

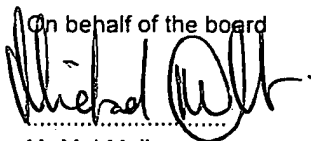
Post reporting date events

There have been no significant events affecting the Company since the year end.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board



Mr M J Meller
Director

Date: 6/9/22

MELLER DESIGN SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

MELLER DESIGN SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Meller Design Solutions Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MELLER DESIGN SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MELLER DESIGN SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

MELLER DESIGN SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alex Temlett CA ACA CTA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited

Date: **6 September 2022**

Chartered Accountants
Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
United Kingdom
GU7 1LQ

MELLER DESIGN SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	35,046,743	24,652,793
Cost of sales		(26,044,776)	(19,094,494)
Gross profit		9,001,967	5,558,299
Distribution costs		(492,278)	(479,237)
Administrative expenses		(4,291,306)	(3,929,619)
Operating profit	5	4,218,383	1,149,443
Interest receivable and similar income		13,475	-
Interest payable and similar expenses	7	(70,263)	(106,817)
Profit before taxation		4,161,595	1,042,626
Tax on profit	8	(795,671)	(127,331)
Profit for the financial year		3,365,924	915,295

The profit and loss account has been prepared on the basis that all operations are continuing operations.

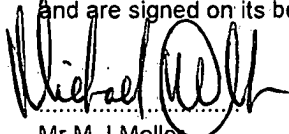
MELLER DESIGN SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		183,314		80,051
Current assets					
Stocks	12	257,127		455,916	
Debtors	13	14,434,198		14,369,282	
Cash at bank and in hand		3,544,035		5,172,758	
		<u>18,235,360</u>		<u>19,997,956</u>	
Creditors: amounts falling due within one year	15	<u>(10,639,958)</u>		<u>(15,671,348)</u>	
Net current assets			<u>7,595,402</u>		<u>4,326,608</u>
Total assets less current liabilities			<u>7,778,716</u>		<u>4,406,659</u>
Provisions for liabilities					
Deferred tax liability	16	20,000		13,867	
		<u>(20,000)</u>		<u>(13,867)</u>	
Net assets			<u><u>7,758,716</u></u>		<u><u>4,392,792</u></u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss reserves	18		7,758,715		4,392,791
Total equity			<u><u>7,758,716</u></u>		<u><u>4,392,792</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6/9/22 and are signed on its behalf by:



Mr M J Meller
Director

Company Registration No. 05760284

MELLER DESIGN SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1	4,467,498	4,467,499
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	915,295	915,295
Dividends	9	-	(990,002)	(990,002)
Balance at 31 December 2020		1	4,392,791	4,392,792
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	3,365,924	3,365,924
Balance at 31 December 2021		1	7,758,715	7,758,716

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Meller Design Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit H, Bedford Business Centre, Mile Road, Bedford, United Kingdom, MK42 9TW.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value where applicable. The principal accounting policies adopted are set out below.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including the Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of CS Newco Holdings Limited as at 31 December 2021 and these consolidated financial statements may be obtained from Companies House.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods sold in the normal course of business, and is shown net of VAT, discounts, rebates and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Sale of goods

The following criteria must also be met before revenue is recognised:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of 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.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the lease term
Fixtures, fittings and equipment	10-33% per annum
Motor vehicles	25% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Borrowing Costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Impairment of fixed assets

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

1.7 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. Work in progress and finished goods include labour and attributable overheads.

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 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.

1.11 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.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.13 Retirement benefits

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Provision for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.17 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.

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company, but are presented separately due to their size or incidence.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant judgements or key accounting estimates which have had a material impact on the figures disclosed in the financial statements.

3 Turnover and other revenue

The whole of turnover is attributable to the principal activity of the business and arose within the United Kingdom.

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	15,000	9,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the ultimate parent company.

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1,122,690)	(286,600)
Depreciation of owned tangible fixed assets	105,948	27,297

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

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

	2021 Number	2020 Number
Office and Management	26	23
Selling and Distribution	6	6
Total	32	29

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,315,793	1,310,777
Social security costs	143,166	147,147
Pension costs	87,754	78,541
	1,546,713	1,536,465

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	70,263	106,817

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	789,538	127,331
Deferred tax		
Origination and reversal of timing differences	6,133	-
Total tax charge	795,671	127,331

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	4,161,595	1,042,626
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	790,703	198,099
Tax effect of expenses that are not deductible in determining taxable profit	9,358	1,169
Change in unrecognised deferred tax assets	6,133	5,171
Difference between timing of capital allowances and depreciation	6,606	(7,907)
Other non-reversing timing differences	(17,129)	4,281
Changes in provisions leading to an increase (decrease) in the tax charge	-	(522)
Release of provision for group debt	-	(72,960)
Taxation charge for the year	795,671	127,331

9 Dividends

	2021 £	2020 £
Dividends declared and paid	-	990,002

10 Exceptional item

	2021 £	2020 £
Expenditure		
Write back of provisions against intercompany loans	-	(384,000)

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	89,041	463,981	16,563	569,585
Additions	-	26,953	-	26,953
Transfers	-	-	297,354	297,354
At 31 December 2021	89,041	490,934	313,917	893,892
Depreciation and impairment				
At 1 January 2021	89,041	383,930	16,563	489,534
Depreciation charged in the year	-	37,805	68,143	105,948
Transfers	-	-	115,096	115,096
At 31 December 2021	89,041	421,735	199,802	710,578
Carrying amount				
At 31 December 2021	-	69,199	114,115	183,314
At 31 December 2020	-	80,051	-	80,051

Tangible fixed assets with a net book value of £182,258 were transferred from a company within the group during the year.

12 Stocks

	2021 £	2020 £
Finished goods and packaging materials	257,127	455,916

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	11,716,532	11,561,649
Amounts owed by group undertakings	1,778,970	2,506,165
Other debtors	841,245	229,357
Prepayments and accrued income	97,451	72,111
	14,434,198	14,369,282

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,544,035	5,172,758
Less: bank overdrafts	(5,310,734)	(4,031,178)
	<u>(1,766,699)</u>	<u>1,141,580</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	5,310,734	4,031,178
Trade creditors	3,161,874	3,075,768
Amounts owed to group undertakings	1,610,768	8,052,767
Corporation tax	66,255	50,098
Other taxation and social security	356,629	260,875
Other creditors	-	7,991
Accruals and deferred income	133,698	192,671
	<u>10,639,958</u>	<u>15,671,348</u>

The bank facilities noted in the figures above are secured by a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking present and future in both the parent and this company.

There is also an omnibus guarantee and set-off arrangement in place on any sums standing to the credit of any one or more of any future accounts of the company with the bank.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	20,000	(2,380)
Short term timing differences	-	16,247
	<u>20,000</u>	<u>13,867</u>

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Deferred taxation (Continued)

	2021
Movements in the year:	£
Liability at 1 January 2021	13,867
Charge to profit or loss	6,133
Liability at 31 December 2021	<u>20,000</u>

17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid Ordinary shares of 1p each	100	100	1	1

18 Profit and loss reserve

This reserve represents the cumulative profits and losses of the Company after the payment of dividends.

19 Financial commitments, guarantees and contingent liabilities

Contingent liabilities

The parent undertaking, Meller Group Limited, has guaranteed the borrowings of its subsidiaries, including the company, as part of group banking arrangements.

This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31 December 2021 the contingent liability in respect of this guarantee was £5,310,734 (2020 - £4,031,178).

The Company is included in a group registration for VAT purposes with Meller Group Limited and its subsidiary companies. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2021 the contingent liability of the group registration was £253,355 (2020 - £249,715).

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>57,041</u>	<u>51,469</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the balance sheet date there were outstanding contributions of £Nil (2020: £Nil) payable to the scheme.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Operating lease commitments

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Within one year	177,386	75,543
Between two and five years	-	19,886
	<u>177,386</u>	<u>95,429</u>

Operating lease costs in connection with the above were £178,576 (2020 - £75,543).

22 Related party transactions

During the year, the Company made payments of £156,000 (2020 - £158,500) to Julius A Meller Management Services Limited Retirement Benefit Scheme for the lease of a property. Julius A Meller Management Services Limited Retirement Benefit Scheme is controlled by the owners of the ultimate parent undertaking.

23 Ultimate controlling party

The Company's immediate parent undertaking is Meller Group Limited, a company incorporated in England and Wales, which is located at Unit H, Bedford Business Centre, Mile Road, Bedford, MK42 9TW. Meller Group Limited heads the smallest group in which the results of the Company are consolidated.

CS Newco Holdings Limited, also a company incorporated in England and Wales, which is located at Unit H, Bedford Business Centre, Mile Road, Bedford, MK42 9TW, became the ultimate parent undertaking and controlling party on 24 December 2020.

Copies of the group financial statements of CS Newco Holdings Limited, the largest group into which the Company is consolidated, are available from Companies House.