

Registered number: 05760284

MELLER DESIGN SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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MELLER DESIGN SOLUTIONS LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Statement of Income and Retained Earnings	10
Balance Sheet	11
Notes to the Financial Statements	12 - 27

MELLER DESIGN SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	D R Meller M J Meller
Registered number	05760284
Registered office	Unit H Bedford Business Centre Mile Road Bedford MK42 9TW
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

MELLER DESIGN SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Director's presents the strategic report of Meller Design Solutions Limited ("the Company") for the year ended 31 December 2020.

Business review

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.

Turnover increased by 22% to £24.7 million (2019 - £20.2 million) reflecting sales volume increases with customers.

Operating profits grew to £1.1 million (2019: £0.7 million) due to 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

Meller Design Solutions Limited operate in two primary markets being Beauty & Home accessories and Fragrances.

Performance

Sales performance remains satisfactory despite the tough trading conditions. The business continues to gain new 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 reduce costs and preserve margins.

MELLER DESIGN SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 manages its working capital to ensure the Company has sufficient available funds for operations and planned expansion.

Covid -19

The UK suffered a pandemic during 2020. 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 Santisers for sale to its Customers.

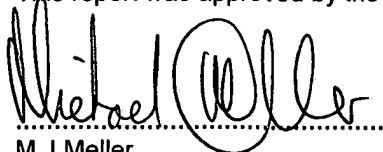
Financial key performance indicators

Gross margin increased to 22.5% (2019 – 20.8%) due to a changed product mix. Profit before tax increased to £1.0 million (2019: £0.7 million) due to increased turnover and improved margins.

Other key performance indicators

Sales per employee was £850,096 and up on last year (2019 - £698,196) as increased sales volumes were accommodated with limited additional resources.

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



M J Meller
Director

Date: 24/8/21

MELLER DESIGN SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Principal activity

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 £915,295 (2019 - £601,893).

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

Director

The director who served during the year was:

J C McGrath ACMA (resigned 29 January 2021)

MELLER DESIGN SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future developments

The Director's are focused on profitable growth.

The Company continues to invest in product innovation and brand awareness.

Operational efficiencies are continually under review across the supply chain and are a principal focus for the Company.

Disclosure of information to auditor

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

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

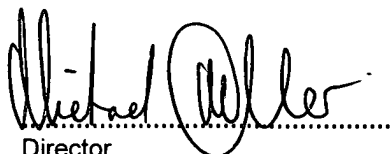
Post balance sheet events

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

Auditor

The auditor, MHA MacIntyre Hudson, will not 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.


.....
Director

Date: 24/8/21

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 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of performance, liquidity and cash flow requirements of the entity.

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 Director with respect to going concern are described in the relevant sections of this report.

MELLER DESIGN SOLUTIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED
(CONTINUED)**

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MELLER DESIGN SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journals entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

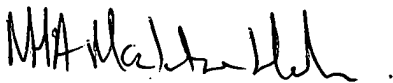
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

MELLER DESIGN SOLUTIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED
(CONTINUED)**

Use of our report

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



Steven Moore BA ACA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson, Statutory Auditors

Milton Keynes, United Kingdom

Date: 4-11-2001

MELLER DESIGN SOLUTIONS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	24,652,793	20,247,673
Cost of sales		(19,094,494)	(16,026,680)
Gross profit		5,558,299	4,220,993
Distribution costs		(479,237)	(245,330)
Administrative expenses		(4,313,619)	(3,227,382)
Write back of provision against intercompany loans		384,000	-
Operating profit		1,149,443	748,281
Interest payable and expenses	7	(106,817)	(15,973)
Profit before tax		1,042,626	732,308
Tax on profit	8	(127,331)	(130,415)
Profit after tax		915,295	601,893
Retained earnings at the beginning of the year		4,467,498	4,515,605
Profit for the year		915,295	601,893
Dividends declared and paid		(990,002)	(650,000)
Retained earnings at the end of the year		4,392,791	4,467,498

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

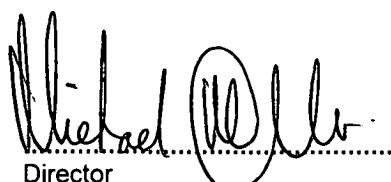
The notes on pages 12 to 27 form part of these financial statements.

MELLER DESIGN SOLUTIONS LIMITED
REGISTERED NUMBER: 05760284

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	80,051	58,220
		<u>80,051</u>	<u>58,220</u>
Current assets			
Stocks	12	455,916	369,447
Debtors: amounts falling due within one year	13	14,369,282	9,833,551
Cash at bank and in hand	14	5,172,758	2,017,237
		<u>19,997,956</u>	<u>12,220,235</u>
Creditors: amounts falling due within one year	15	(15,671,348)	(7,802,260)
Net current assets		<u>4,326,608</u>	<u>4,417,975</u>
Total assets less current liabilities		<u>4,406,659</u>	<u>4,476,195</u>
Provisions for liabilities			
Deferred tax	16	(13,867)	(8,696)
		<u>(13,867)</u>	<u>(8,696)</u>
Net assets		<u><u>4,392,792</u></u>	<u><u>4,467,499</u></u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	4,392,791	4,467,498
		<u><u>4,392,792</u></u>	<u><u>4,467,499</u></u>

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


 Director

Date: 24/8/21

The notes on pages 12 to 27 form part of these financial statements.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Meller Design Solutions Limited is a private company limited by shares, incorporated in England.

The registered address and principal place of business is Unit H, Bedford Business Centre, Mile Road, Bedford, MK42 9TW and the registered company number is 05760284.

The financial statements are presented in GBP and are rounded to the nearest whole pound.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Meller Group Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 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 sale of goods is recognised when all of the following conditions are satisfied:

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

2.4 Finance costs

Finance costs are charged to profit or loss 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.

2.5 Pensions

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.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, 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.

2.7 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:

Improvements to premises	- over the lease term
Motor vehicles	- 25% per annum
Fixtures, fittings and equipment	- 10-33% per annum

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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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. 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.

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.

2.11 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.

2.12 Provisions for liabilities

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

Provisions are charged as 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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 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.

2.15 Operating leases: the Company as lessee

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, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.17 Going concern**

In response to the COVID-19 pandemic, the Director's have performed a robust analysis of forecast future cash flows taking into account the potential impact on the Company of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

To mitigate the effects of the Coronavirus Pandemic, as far as possible, the company has implemented and maintained the following measures:

Safeguarding the welfare of staff and other stakeholders remains the number one priority. The company has successfully adapted its ways of working in order to keep its staff safe while continuing to provide the highest level of customer service.

IT infrastructure is such that where possible the workforce was relocated to work from home, and the company continues to be fully operational.

Supply chain disruption is being managed by maintaining multiple sources for all goods and services.

Based on these assessments and having regard to the resources available to the Company, the Directors have concluded that there is no material uncertainty arising from the COVID-19 pandemic and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.18 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.

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

In application of the Company's accounting policies, management have been required to make judgements, estimates and assumptions. These estimates, which relate to the carrying value of the assets and liabilities, where not readily available from other resources, are based on these underlying assumptions and experience. Key areas of estimation uncertainty are stock provisions and depreciation rates. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

4. Turnover

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

5. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,000</u>	<u>8,755</u>

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 parent Company.

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	1,310,777	1,082,534
Social security costs	147,147	119,690
Cost of defined contribution scheme	51,469	52,275
	<u>1,509,393</u>	<u>1,254,499</u>

Director's remuneration is paid by Julius A Meller Management Services Limited, a fellow group company.

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

	2020 No.	2019 No.
Office and Management	23	23
Selling and Distribution	6	6
	<u>29</u>	<u>29</u>

7. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	<u>106,817</u>	<u>15,973</u>

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	122,160	127,465
Total current tax	<u>122,160</u>	<u>127,465</u>
Deferred tax		
Origination and reversal of timing differences	5,171	2,950
Total deferred tax	<u>5,171</u>	<u>2,950</u>
Taxation on profit on ordinary activities	<u>127,331</u>	<u>130,415</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,042,626</u>	<u>732,308</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	198,099	139,139
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,169	219
Capital allowances for year in excess of depreciation	(7,907)	(7,245)
Movement in deferred tax	5,171	2,950
Other timing differences	4,281	4,281
Changes in provisions leading to an increase (decrease) in the tax charge	(522)	(333)
Group relief	-	(8,596)
Release of provision for group debt	(72,960)	-
Total tax charge for the year	<u>127,331</u>	<u>130,415</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Dividends

	2020 £	2019 £
Dividends declared and paid	<u>990,002</u>	<u>650,000</u>

10. Exceptional items

	2020 £	2019 £
Write back of provisions against intercompany loans	<u>(384,000)</u>	<u>-</u>

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Tangible fixed assets

	Improvements to premises £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	89,041	414,853	16,563	520,457
Additions	-	49,128	-	49,128
At 31 December 2020	89,041	463,981	16,563	569,585
Depreciation				
At 1 January 2020	87,879	360,167	14,191	462,237
Charge for the year on owned assets	1,162	23,763	2,372	27,297
At 31 December 2020	89,041	383,930	16,563	489,534
Net book value				
At 31 December 2020	-	80,051	-	80,051
At 31 December 2019	1,162	54,686	2,372	58,220

12. Stocks

	2020 £	2019 £
Finished goods and packaging materials	455,916	369,447

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Debtors

	2020 £	2019 £
Trade debtors	11,561,649	5,498,875
Amounts owed by group undertakings	2,506,165	4,204,835
Other debtors	229,357	-
Prepayments and accrued income	72,111	106,564
Tax recoverable	-	23,277
	<u>14,369,282</u>	<u>9,833,551</u>

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	5,172,758	2,017,237
Less: bank overdrafts	(4,031,178)	(2,326,446)
	<u>1,141,580</u>	<u>(309,209)</u>

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	4,031,178	2,326,446
Trade creditors	3,075,768	1,362,410
Amounts owed to group undertakings	8,052,767	3,736,805
Corporation tax	50,098	-
Other taxation and social security	260,875	113,003
Other creditors	7,991	-
Accruals and deferred income	192,671	263,596
	<u>15,671,348</u>	<u>7,802,260</u>

	2020 £	2019 £
Other taxation and social security		
PAYE/NI control	98,201	40,879
VAT control	162,674	72,124
	<u>260,875</u>	<u>113,003</u>

16. Deferred taxation

	2020 £	2019 £
At beginning of year	(8,696)	(5,746)
Charged to profit or loss	(5,171)	(2,950)
At end of year	<u>(13,867)</u>	<u>(8,696)</u>

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Capital allowances in excess of depreciation	(2,380)	(9,204)
Other timing differences	16,247	17,900
	<u>13,867</u>	<u>8,696</u>

Other timing differences are made up of income adjustments regarding hedging and derivatives.

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

18. Reserves**Profit and loss account**

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

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Contingent liabilities

The Company has guaranteed the borrowings of its subsidiaries 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 2020 the contingent liability in respect of this guarantee was £4,031,178 (2019 - £2,913,183).

The Company is included in a group registration for VAT purposes with 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 2020 the contingent liability of the group registration was £249,715 (2019 - £70,400).

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £51,469 (2019 - £87,303). Contributions totalling £nil (2019 - £nil) were payable to the fund at the balance sheet date.

21. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	75,543	75,543
Later than 1 year and not later than 5 years	19,886	92,230
	<u>95,429</u>	<u>167,773</u>

Operating lease costs in connection to the above were £75,543 (2019 - £74,093).

22. Related party transactions

During the year the Company made purchases of £2,202 (2019 - £nil) from Facilities4U Limited, a company with a common director. There were no amounts outstanding at the year end.

During the year the Company made payments of £158,500 (2019 - £nil) 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.

MELLER DESIGN SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Controlling party

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

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

The Company's ultimate parent undertaking and controlling party is CS Holdings Limited, which is located at: Unit H, Bedford Business Centre, Mile Road, Bedford, MK42 9TW, a Company incorporated in Jersey.