

Desmo Enterprises Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 30 December 2021

Desmo Enterprises Limited

Contents

Balance Sheet	<u>1</u> to <u>2</u>
Notes to the Unaudited Financial Statements	<u>3</u> to <u>9</u>

Desmo Enterprises Limited

(Registration number: NI035647)
Balance Sheet as at 30 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>4</u>	65,032	89,608
Current assets			
Stocks	<u>5</u>	244,541	343,550
Debtors	<u>6</u>	292,689	230,396
Cash at bank and in hand		63,812	19,885
		<u>601,042</u>	<u>593,831</u>
Creditors: Amounts falling due within one year	<u>7</u>	<u>(1,088,055)</u>	<u>(1,350,957)</u>
Net current liabilities		<u>(487,013)</u>	<u>(757,126)</u>
Total assets less current liabilities		<u>(421,981)</u>	<u>(667,518)</u>
Creditors: Amounts falling due after more than one year	<u>7</u>	<u>(32,138)</u>	<u>(46,124)</u>
Provisions for liabilities		<u>(4,700)</u>	<u>(7,650)</u>
Net liabilities		<u>(458,819)</u>	<u>(721,292)</u>
Capital and reserves			
Called up share capital	<u>8</u>	25,000	25,000
Profit and loss account		<u>(483,819)</u>	<u>(746,292)</u>
Shareholders' deficit		<u>(458,819)</u>	<u>(721,292)</u>

For the financial year ending 30 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 September 2022 and signed on its behalf by:

Desmo Enterprises Limited
(Registration number: NI035647)
Balance Sheet as at 30 December 2021

.....
Mr Bill Waring
Company secretary and director

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

1 General information

The company is a private company limited by share capital, incorporated in Northern Ireland.

The address of its registered office is:

Units 5 - 7
1 Sloefield Drive
Carrickfergus
Co. Antrim
BT38 8GX
United Kingdom

These financial statements were authorised for issue by the Board on 28 September 2022.

2 Accounting policies

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The presentation currency is £ Sterling.

Going Concern Disclosure

The company's balance sheet position as at 30 December 2021 shows net liabilities of £458,820 and the company is dependant on support from its directors and shareholders in order to continue to pay its liabilities as they fall due. The directors have undertaken to provide such financial support as may be necessary for a period of at least one year from the date of signing of the financial statements.

The directors have reviewed the applicability of the going concern principle and have determined that it is appropriate to prepare the company's accounts on the basis that it will continue as a going concern for the foreseeable future.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the goods are physically dispatched to customers.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold	2% straight line
Plant & Machinery	20% straight line
Fixtures & Fittings	25% straight line

Leasing and Hire Purchase Contracts

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

Financial Instruments

The company 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 non-puttable ordinary shares.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and where appropriate, a proportion of fixed and variable overheads.

Cost is calculated using the First in First Out method.

At the reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Foreign Currencies

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

Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other year and 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 end of the reporting period.

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

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 operates and generates taxable income.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Pensions

The company operates a defined pension contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Government Grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

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

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

Leases

Rentals payable under operating leases, including any lease incentives received or receivable are charged to income 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 assets are consumed.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 26 (2020 - 26).

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

4 Tangible assets

	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Total £
Cost or valuation				
At 31 December 2020	24,000	43,812	139,502	207,314
Additions	-	118	3,719	3,837
At 30 December 2021	24,000	43,930	143,221	211,151
Depreciation				
At 31 December 2020	1,800	26,049	89,857	117,706
Charge for the year	480	7,596	20,337	28,413
At 30 December 2021	2,280	33,645	110,194	146,119
Carrying amount				
At 30 December 2021	21,720	10,285	33,027	65,032
At 30 December 2020	22,200	17,763	49,645	89,608

5 Stocks

	2021 £	2020 £
Stock	244,541	343,550

6 Debtors

	2021 £	2020 £
Trade debtors	257,232	184,095
Prepayments and accrued income	9,549	25,821
Other debtors	25,908	20,480
	292,689	230,396

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

7 Creditors

Creditors: amounts falling due within one year

	2021 £	2020 £
Due within one year		
Bank borrowings	11,650	7,948
Other borrowings	160,200	253,792
Trade creditors	136,077	348,370
Other taxes and social security	87,638	119,161
Net obligations under finance lease and hire purchase contracts	2,226	9,736
Accruals and deferred income	4,100	3,750
Other creditors	686,164	608,200
	<u>1,088,055</u>	<u>1,350,957</u>

Creditors: amounts falling due after more than one year

	2021 £	2020 £
Due after one year		
Net obligations under finance lease and hire purchase contracts	-	4,072
Bank loans	32,138	42,052
	<u>32,138</u>	<u>46,124</u>

8 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary of £1 each	25,000	25,000	25,000	25,000
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

Desmo Enterprises Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 December 2021

9 Related party transactions

Transactions with directors

	At 31 December 2020 £	Advances to directors £	Repayments by director £	At 30 December 2021 £
2021				
Mr Bill Waring	(3,705)	12,000	-	8,295
Mr Simon Waring	3,000	-	(3,000)	-
Mrs Kathleen Gribbon	3,000	-	(3,000)	-
Mr Fahad Khouj	(128,000)	-	-	(128,000)

The above loans are unsecured, interest free and repayable on demand.

Amounts owed to related party

During the year the company paid royalties totalling £NIL (2020: £59,012) to a connected company. At the end of the year, the amount due to the connected company was £311,551 (2020: £229,880).

During the year the amount Desmo Enterprises Limited owed to another connected company was £244,574 (2020: £246,614).

The above outstanding balances are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received.

10 Ultimate Controlling Party

No one individual shareholder has ultimate control or influence over the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.