

**DUALIT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2018**

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**DUALIT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr L A Gort-Barten Mr A Gort-Barten Mr C M Stewart Mrs M A Milton
<b>Company secretary</b>	Pinsent Masons Secretarial Limited
<b>Registered number</b>	00452403
<b>Registered office</b>	County Oak Way Crawley West Sussex RH11 7ST
<b>Independent auditor</b>	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 2nd Floor St. John's House 6 Haslett Avenue West Crawley RH10 1HS

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**DUALIT LIMITED**

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## DUALIT LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

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#### Business review

The results for the year reflect the company's continuing success in its market. The board wish to express their gratitude to all employees for their contribution to the company's activities.

The fall in the value of Sterling after the Brexit referendum in June 2016 and the subsequent and future impact on consumer spending has created uncertainty in the market. This coupled with an increase in the cost price of imported goods continues to have a negative impact on sales as well as increased pressure on costs resulting in a challenging outlook for the company in the year ending 30 June 2019.

#### Principal risks and uncertainties

##### Financial risk management objectives and policies

The company uses financial instruments comprising cash and other liquid resources and various other items such as a trade debtors and creditors that arises directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are liquidity and foreign exchange risk. The Directors' review and agree policies for managing this risk and they are summarised below.

##### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The company's policy throughout the year has been to ensure continuity of funding by using the company's bankers. The company is cash positive and invests surplus cash securely to ensure it has funds to meet its liabilities as they fall due.

##### Foreign exchange risk

The company is exposed to both translation and transaction foreign exchange risk. In relation to translation risk, the risk is managed through the use of foreign currency bank accounts. Transaction exposure, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

#### Financial key performance indicators

The financial performance for the year can be summarised by the following key figures and indicators which the Directors have found useful in monitoring the company's progress:

	2018	2017
	£	£
Turnover	20,372,627	21,200,731
Profit after tax	439,632	296,414
Cash in bank and in hand	<u>3,465,359</u>	<u>1,697,760</u>

This report was approved by the board on 20 March 2019 and signed on its behalf.



Mr L A Gort-Barten  
Director

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## DUALIT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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The Directors present their report and the financial statements for the year ended 30 June 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £439,632 (2017: £296,414).

#### Directors

The Directors who served during the year were:

Mr L A Gort-Barten  
Mr A Gort-Barten  
Mr C M Stewart  
Mrs M A Milton  
Mrs A C Gort-Barten (resigned 31 July 2017)

#### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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;
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Research and development activities

The company's expenditure on research and development in the year is detailed in note 5 to the financial statements.

#### Post balance sheet events

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

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**DUALIT LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 March 2019 and signed on its behalf.



**Mr L A Gort-Barten**  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALIT LIMITED

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### Opinion

We have audited the financial statements of Dualit Limited (the 'company') for the year ended 30 June 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, 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 30 June 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALIT LIMITED (CONTINUED)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic and Director's Report on pages 1 to 3, 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

### **Matter on which we are required to report under the Companies Act 2006**

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.

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

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.





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALIT LIMITED (CONTINUED)

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### Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 2, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### 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.



**Eleanor Walsh FCCA**  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Crawley

Date: 20 March 2019

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**DUALIT LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

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	Note	2018 £	As restated 2017 £
Turnover	4	20,372,627	21,200,731
Change in stocks of finished goods and work in progress		633,570	(1,118,217)
Other operating income		21,685	82,961
Raw materials and consumables		(12,498,152)	(11,193,121)
Other external charges		(3,605,128)	(4,082,652)
Staff costs		(4,421,276)	(4,423,722)
Depreciation and amortisation		(297,601)	(283,242)
<b>Operating profit</b>	5	<b>205,725</b>	<b>182,738</b>
Interest receivable and similar income	9	14,547	1,987
Interest payable and expenses	10	(12,500)	(12,500)
<b>Profit before tax</b>		<b>207,772</b>	<b>172,225</b>
Tax on profit	11	231,860	124,189
<b>Profit for the financial year</b>		<b>439,632</b>	<b>296,414</b>
<b>Total comprehensive income for the year</b>		<b>439,632</b>	<b>296,414</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

The notes on pages 11 to 28 form part of these financial statements.

**DUALIT LIMITED**  
**REGISTERED NUMBER:00452403**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 £	As restated 2017 £
<b>Fixed assets</b>			
Intangible assets	12	7,599	3,500
Tangible assets	13	1,677,671	1,710,916
		<u>1,685,270</u>	<u>1,714,416</u>
<b>Current assets</b>			
Stocks	14	4,922,663	5,556,233
Debtors: amounts falling due within one year	15	1,952,233	1,616,967
Cash at bank and in hand		3,465,359	1,697,760
		<u>10,340,255</u>	<u>8,870,960</u>
Creditors: amounts falling due within one year	16	(2,555,500)	(1,622,942)
<b>Net current assets</b>		<u>7,784,755</u>	<u>7,248,018</u>
<b>Total assets less current liabilities</b>		<u>9,470,025</u>	<u>8,962,434</u>
Creditors: amounts falling due after more than one year	17	(83,333)	(83,333)
Other provisions		(603,135)	(535,176)
		<u>(603,135)</u>	<u>(535,176)</u>
<b>Net assets</b>		<u><u>8,783,557</u></u>	<u><u>8,343,925</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	200	200
Other reserves	22	(54,497)	(54,497)
Profit and loss account	22	8,837,854	8,398,222
		<u>8,783,557</u>	<u>8,343,925</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 March 2019.



**Mr L A Gort-Barten**  
Director

The notes on pages 11 to 28 form part of these financial statements.

**DUALIT LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2017 (as previously stated)	200	(54,497)	8,933,398	8,879,101
Prior year adjustment	-	-	(535,176)	(535,176)
At 1 July 2017 (as restated)	200	(54,497)	8,398,222	8,343,925
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	439,632	439,632
<b>Total comprehensive income for the year</b>	-	-	439,632	439,632
<b>At 30 June 2018</b>	200	(54,497)	8,837,854	8,783,557

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016 (as previously stated)	200	(54,497)	8,694,130	8,639,833
Prior year adjustment	-	-	(592,322)	(592,322)
At 1 July 2016 (as restated)	200	(54,497)	8,101,808	8,047,511
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	296,414	296,414
<b>Total comprehensive income for the year</b>	-	-	296,414	296,414
<b>At 30 June 2017</b>	200	(54,497)	8,398,222	8,343,925

The notes on pages 11 to 28 form part of these financial statements.

**DUALIT LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	As restated 2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	439,632	296,414
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,380	6,626
Depreciation of tangible assets	294,221	276,616
Interest paid	12,500	12,500
Interest received	(14,547)	(1,987)
Taxation charge	(231,860)	(124,189)
Decrease/(increase) in stocks	633,570	(1,163,912)
(Increase)/decrease in debtors	(103,406)	694,894
Increase/(decrease) in creditors	932,558	(720,826)
Increase/(decrease) in provisions	67,959	(57,146)
<b>Net cash generated from operating activities</b>	<b>2,034,007</b>	<b>(781,010)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(7,479)	-
Purchase of tangible fixed assets	(274,004)	(428,005)
Sale of tangible fixed assets	13,028	-
Interest received	14,547	1,987
<b>Net cash from investing activities</b>	<b>(253,908)</b>	<b>(426,018)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(12,500)	(12,500)
<b>Net cash used in financing activities</b>	<b>(12,500)</b>	<b>(12,500)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,767,599</b>	<b>(1,219,528)</b>
Cash and cash equivalents at beginning of year	1,697,760	2,917,288
<b>Cash and cash equivalents at the end of year</b>	<b>3,465,359</b>	<b>1,697,760</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,465,359	1,697,760
	<b>3,465,359</b>	<b>1,697,760</b>

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 1. General information

Dualit Limited is a private company limited by shares and is incorporated in England and Wales. Its registered head office is located at County Oak Way, Crawley, West Sussex, RH11 7ST.

The principal activity of Dualit Limited is the manufacture and sale of electrical appliances.

#### 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 judgment in applying the company accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 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 the financial statements.

##### 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.

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

The estimated useful lives range as follows:

Software	-	20% per annum straight line
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##### 2.5 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:

Short Leasehold Property	-	10% per annum straight line
Plant & machinery	-	10% per annum straight line
Motor vehicles	-	25% per annum straight line
Fixtures & fittings	-	20% per annum straight line

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

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

##### 2.6 Research and development

Research and development expenditure is written off in the year in which it is incurred.

##### 2.7 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 2.8 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.

##### 2.9 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.

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

##### 2.10 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.

##### 2.11 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 the Statement of Comprehensive Income 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.



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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## 2. Accounting policies (continued)

### 2.12 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 non-puttable ordinary shares.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

### 2.13 Finance costs

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

### 2.14 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 2.15 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 the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

##### 2.16 Interest income

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

##### 2.17 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 the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

###### Warranty and faulty goods:

Provision for warranty and faulty goods is recognised at the date of sale of the relevant products at the company's best estimate for the expenditure required to settle the company's liability. The liability is considered to be a general right of return and as such the provision itself has been deducted from revenues.

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 reporting 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 Statement of financial position date, except that:

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

Deferred tax 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 reporting date.

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

Preparation of the financial statements requires management to make significant judgements and estimates.

*The items in the financial statements where these judgements and estimates have been made include:*

- Stock/debtors provisioning
- Fair value of preference shares (see note 21)
- Recognition of deferred tax asset (see note 19)
- Warranty and faulty goods (see note 20)

#### 4. Turnover

The whole of the turnover is attributable to the once principal activity of the company.

All turnover arose within the United Kingdom.

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets - owned by the company	294,221	276,618
Amortisation of intangible assets, including goodwill	3,380	6,262
Exchange differences	(241,427)	334,073
Operating lease rentals - Land and buildings	528,951	527,000
Research & development expenditure written off	425,523	406,705
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	25,750	25,000
	<u>          </u>	<u>          </u>
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
All other services	20,900	52,050
	<u>          </u>	<u>          </u>

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**7. Employees**

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

	2018 £	2017 £
Wages and salaries	4,033,384	4,039,239
Social security costs	373,484	370,440
Cost of defined contribution scheme	14,408	14,043
	<u>4,421,276</u>	<u>4,423,722</u>

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

	2018 No.	2017 No.
Production staff	42	32
Distribution staff	15	15
Administrative staff	34	45
Directors	4	5
	<u>95</u>	<u>97</u>

**8. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	1,502,148	1,414,624
Company pension contributions to defined contribution pension schemes	<u>13,200</u>	<u>12,000</u>

During the year retirement benefits were accruing to 1 Director (2017: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,019,092 (2017: £984,613).

**9. Interest receivable**

	2018 £	2017 £
Interest receivable	<u>14,547</u>	<u>1,987</u>

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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10. Interest payable and similar expenses

	2018 £	2017 £
Interest payable	12,500	12,500

11. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(13,214)
<b>Total current tax</b>	-	(13,214)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(95,700)	(51,540)
Adjustments in respect of prior periods	(136,160)	(57,100)
Effect of tax rate change on opening balance	-	(2,335)
<b>Total deferred tax</b>	(231,860)	(110,975)
<b>Taxation on loss on ordinary activities</b>	(231,860)	(124,189)

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017: *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>142,002</b>	115,079
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	<b>26,980</b>	22,729
Effects of:		
Fixed asset differences	<b>3,843</b>	11,137
Expenses not deductible for tax purposes	<b>2,953</b>	10,524
Other permanent differences	<b>124</b>	155
Additional deduction for R&D expenditure	<b>(105,104)</b>	(104,425)
Adjustments to tax charge in respect of previous periods	-	(13,214)
Adjustments to tax charge in respect of previous periods - deferred tax	<b>(136,160)</b>	(57,100)
Patent box additional deduction	<b>(35,754)</b>	-
Adjust closing deferred tax to average rate of 19.00%	<b>28,671</b>	1,917
Adjust opening deferred tax to average rate of 19.00%	<b>(17,413)</b>	4,088
<b>Total tax charge for the year</b>	<b>(231,860)</b>	(124,189)

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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12. Intangible assets

	Software £
<b>Cost</b>	
At 1 July 2017	33,472
Additions	7,479
Disposals	(3,380)
At 30 June 2018	<u>37,571</u>
<b>Amortisation</b>	
At 1 July 2017	29,972
Charge for the year	3,380
On disposals	(3,380)
At 30 June 2018	<u>29,972</u>
<b>Net book value</b>	
At 30 June 2018	<u><u>7,599</u></u>
At 30 June 2017	<u><u>3,500</u></u>



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**DUALIT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**13. Tangible fixed assets**

	Short Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>					
At 1 July 2017	810,395	2,335,340	269,847	798,147	4,213,729
Additions	15,631	134,826	71,248	52,299	274,004
Disposals	-	(75,179)	(35,839)	(65,006)	(176,024)
At 30 June 2018	<u>826,026</u>	<u>2,394,987</u>	<u>305,256</u>	<u>785,440</u>	<u>4,311,709</u>
<b>Depreciation</b>					
At 1 July 2017	565,635	1,005,484	222,273	709,421	2,502,813
Charge for the year	41,798	177,791	43,039	31,593	294,221
Disposals	-	(62,151)	(35,839)	(65,006)	(162,996)
At 30 June 2018	<u>607,433</u>	<u>1,121,124</u>	<u>229,473</u>	<u>676,008</u>	<u>2,634,038</u>
<b>Net book value</b>					
At 30 June 2018	<u>218,593</u>	<u>1,273,863</u>	<u>75,783</u>	<u>109,432</u>	<u>1,677,671</u>
At 30 June 2017	<u>244,760</u>	<u>1,329,856</u>	<u>47,574</u>	<u>88,726</u>	<u>1,710,916</u>

**14. Stocks**

	2018 £	2017 £
Raw materials and consumables	1,457,210	1,417,828
Finished goods and goods for resale	3,465,453	4,138,405
	<u>4,922,663</u>	<u>5,556,233</u>

Stock recognised in cost of sales during the year as an expense was £9,415,278 (2017: £9,548,709).

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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15. Debtors

	2018 £	2017 £
Trade debtors	1,017,183	1,354,720
Amounts owed by related parties	-	100,613
Other debtors	181,843	19,003
Prepayments and accrued income	509,500	130,784
Deferred taxation	243,707	11,847
	<u>1,952,233</u>	<u>1,616,967</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	487,686	509,770
Amounts owed to related parties	1,364,668	788,709
Other taxation and social security	372,205	62,630
Other creditors	60,320	59,413
Accruals and deferred income	270,621	202,420
	<u>2,555,500</u>	<u>1,622,942</u>

The amount owed to related parties of £1,364,668 is interest free and repayable on demand.

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Preference shares treated as debt	<u>83,333</u>	<u>83,333</u>

Disclosure of the terms and conditions attached to the non-equity share is made in note 21.

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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18. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>4,664,384</u>	<u>3,172,096</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,515,808)</u>	<u>(1,357,891)</u>

Financial assets measured at amortised cost comprise cash at bank, trade and other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade and other creditors, provisions and amounts owed to related parties.

19. Deferred taxation

	2018 £	2017 £
At beginning of year	11,847	(99,128)
Charged to Statement of Comprehensive Income	231,860	110,975
<b>At end of year</b>	<u><b>243,707</b></u>	<u><b>11,847</b></u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(106,117)	(171,119)
Tax losses carried forward	348,606	182,831
Short term timing differences	1,218	135
	<u><b>243,707</b></u>	<u><b>11,847</b></u>

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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20. Provisions

	Other provision £
At 1 July 2017	535,176
Additional provisions made in the year	67,959
At 30 June 2018	<u>603,135</u>

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The above judgements have had the most significant effect on amounts recognised in the financial statements.

A provision for warranty and faulty goods represents the present value of the best estimate of the future sacrifice of economic benefits expected that will be required for warranty and faulty goods claims on products sold. It is expected that these costs will be incurred in the next year. The provision for warranty and faulty goods were based on the level of warranty and faulty goods claims experienced of the same products in the other markets as well as the UK.

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DUALIT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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21. Share capital

	2018 £	2017 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
200 'B' Ordinary shares of £1 each	200	200
	<hr/>	<hr/>
	2018 £	2017 £
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
24,030 'A' Ordinary shares of £1 each	24,030	24,030
4,806 Preference shares of £1 each	4,806	4,806
	<hr/>	<hr/>
	28,836	28,836
	<hr/>	<hr/>

The preferred shares and the 'A' ordinary shares have the right to the first £12,500 distributed from profits for the year.

In case the company should be wound up at any time, the assets of the company available for distribution among the members shall be applied first in repayment of all the capital paid up or credited as paid on the shares of all classes rateably and secondly in dividing among the holders of the Preferred Shares in proportion to the number of Preference Shares held by them respectively such a sum as together with the capital paid up or credited as paid up on the Preference Shares shall amount to £150,000 and thirdly by dividing the surplus among the holders of "B" ordinary shares in proportion to the number of "B" ordinary shares held by them respectively.

22. Reserves

**Other reserves**

The other reserves represents the fair value of adjustment arising on the 'A' ordinary and preference shares.

**Profit & loss account**

Includes all current and prior retained profits and losses.

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## DUALIT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 23. Prior year adjustment

The adjustment is in relation to a general right of return on goods sold to customers which had been previously unaccounted for. The directors concluded that the information omitted was available when the financial statements for previous periods were prepared and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of past financial statements. The omission was due to oversight and details of the provision are included in Note 20.

The company has restated its earliest comparative periods within these financial statements in accordance with the accounting framework.

#### 24. Commitments under operating leases

At 30 June 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	658,540	527,000
Between 2 to 5 year	2,634,160	2,108,000
Later than 5 years	3,292,700	2,635,000
	<u>6,585,400</u>	<u>5,270,000</u>

#### 25. Related party transactions

At 30 June 2018, amounts totalling £Nil (2017: £Nil) were owed by the Directors to the company.

During the year, rental payments totalling £592,770 (2017: £527,000) were made in respect of the premises from which the company operates and which is owned by two of the Directors, Mr L A Gort-Barten and Mrs M A Milton.

Dualit Marketing Limited is a company in which two of the Directors (Mr L A Gort-Barten and Mrs M A Milton) have a beneficial interest. During the year, the company made sales to Dualit Marketing Limited of £2,670,615 (2017: £2,765,078) and levied a management charge of £275,000 (2017: £275,000). At the year end an amount of £1,121,595 (2017: £788,709) was owed by the company to Dualit Marketing Limited. Transactions between the companies were on an arm's length basis.

Dualit Asia Limited is a company in which two of the Directors (Mr L A Gort Barten and Mrs M A Milton) have a beneficial interest. During the year, Dualit Limited made sales to this company totalling £6,203 (2017: £13,585) and made purchases from them totalling £6,324,486 (2017: £7,222,911). At the year end an amount of £197,337 (2017: £Nil) was owed by Dualit Limited to this company and an amount of £Nil (2017: £11,418) was owed by Dualit Asia to Dualit Limited. In the current year China Supplies Limited is a company controlled by Mr Alex Gort-Barten. During the year, Dualit Limited made sales to this company of £1,306 (2017: £20,283) and made purchases totalling £1,862,870 (2017: £3,718,396). At the year end an amount of £45,737 (2017: £Nil) was owed by Dualit Limited to this company and an amount of £Nil (2017: £89,195) was owed by China Supplies Limited to Dualit Limited. Transactions between companies were on an arm's length basis.

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**DUALIT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**25. Related party transactions (continued)**

**Key Management Personnel**

All Directors who have the authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of those individuals is £1,502,148 (2017: £1,414,614).

**26. Controlling party**

At 30 June 2018, the Directors consider there to be no ultimate controlling party.