

Registered number: R0000458

Kennedy & Morrison Limited

Directors' report and financial statements

For the year ended 31 December 2020

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Kennedy & Morrison Limited

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Kennedy & Morrison Limited

Company information

| | |
|-----------------------------|--|
| Directors | JC Lowry CTJ Lowry A Hamilton |
| Company secretary | CTJ Lowry |
| Registered number | R0000458 |
| Registered office | 29-33 Boucher Road Belfast BT12 6QF |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 20-22 Wellington Place Belfast BT1 6GE |
| Bankers | Ulster Bank Limited 11-16 Donegall Square East Belfast BT1 5UB |
| Solicitors | Shean Dickson Merrick 14-16 High Street Belfast BT1 2BS |

Kennedy & Morrison Limited

Directors' report For the year ended 31 December 2020

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

Principal activity

The principal activity of the company during the year continued to be that of an engineering products distributor.

Directors

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

JC Lowry
CTJ Lowry
A Hamilton

Going concern

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of all of our staff and members of the public while continuing to keep our business open and operating. In particular, in line with UK Government our sales, administration and finance teams are continuing to work ensuring we are operating as normally as possible to continue to assist customers.

Having undertaken a going concern review, the Directors have considered the principal risk areas, including the potential impact of the COVID-19 pandemic. Financial forecasts and sensitivities show that the company is expected to continue to be cash generative taking account of the anticipated changes in trading performance as a result of COVID-19 and the effects of mitigating actions taken or available to the company, and it will operate within its facilities and meet its obligations as they fall due.

At the time of approving the financial statements the Directors expect that the company will have adequate resources and liquidity to continue for at least the next 12 months. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law).

Kennedy & Morrison Limited

**Directors' report (continued)
For the year ended 31 December 2020**

Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

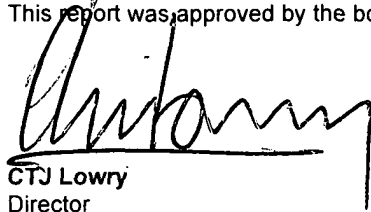
Small companies' exemption

The report has been prepared in accordance with special provisions relating to small sized companies within Part 15 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28/01/21 and signed on its behalf.


CTJ Lowry
Director

Kennedy & Morrison Limited
Independent auditors' report to the members of Kennedy & Morrison Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kennedy & Morrison Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Kennedy & Morrison Limited
Independent auditors' report to the members of Kennedy & Morrison Limited (continued)

Reporting on other information (continued)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate the financial statements, inappropriate revenue recognition and management bias in determining significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation (including data protection legislation) and fraud;
- Identification and testing of significant journal entries; and
- Evaluation and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Kennedy & Morrison Limited
Independent auditors' report to the members of Kennedy & Morrison Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
28 September 2021

Kennedy & Morrison Limited

**Profit and loss account
For the year ended 31 December 2020**

| | 2020 £ | 2019 £ |
|--|--------------------|--------------------|
| Turnover | 5,606,046 | 6,628,988 |
| Cost of sales | <u>(3,546,073)</u> | <u>(4,274,928)</u> |
| Gross profit | 2,059,973 | 2,354,060 |
| Distribution costs | (1,430,339) | (1,547,371) |
| Administrative expenses | (869,027) | (915,858) |
| Other operating income | <u>214,403</u> | <u>-</u> |
| Operating loss | (24,990) | (109,169) |
| Interest receivable and similar income | 5,346 | 7,569 |
| Loss before taxation | (19,644) | (101,600) |
| Tax on loss | <u>2,826</u> | <u>16,863</u> |
| Loss for the financial year | (16,818) | (84,737) |

The notes on pages 10 to 18 form part of these financial statements.

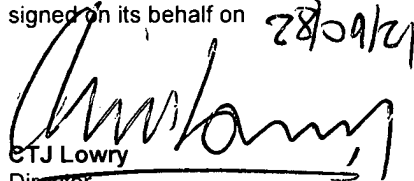
Kennedy & Morrison Limited
Registered number: R0000458

Balance sheet
As at 31 December 2020

| | Note | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|--|------|--------------------|------------------|-------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 193,536 | | 234,127 |
| | | | 193,536 | | 234,127 |
| Current assets | | | | | |
| Stocks | 6 | 835,787 | | 764,045 | |
| Debtors | 7 | 1,171,494 | | 1,234,901 | |
| Current asset investments | 8 | 1,223,298 | | 1,152,220 | |
| Cash at bank and in hand | 9 | 16,070 | | 38,348 | |
| | | | 3,246,649 | 3,189,514 | |
| Creditors: amounts falling due within one year | 10 | (1,407,422) | | (1,369,250) | |
| Net current assets | | | 1,839,227 | | 1,820,264 |
| Deferred tax | 11 | | - | | (4,810) |
| Net assets | | | 2,032,763 | | 2,049,581 |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 17,700 | | 17,700 |
| Capital redemption reserve | | | 42,300 | | 42,300 |
| Retained earnings | | | 1,972,763 | | 1,989,581 |
| Total shareholders' funds | | | 2,032,763 | | 2,049,581 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with provisions of FRS 102 Section 1A - small entities.

The financial statements on pages 7 to 18 were approved and authorised for issue by the board and were signed on its behalf on

28/01/21

C. J. Lowry
 Director

The notes on pages 10 to 18 form part of these financial statements.

Kennedy & Morrison Limited

**Statement of changes in equity
For the year ended 31 December 2020**

| | Called up share capital £ | Capital redemption reserve £ | Retained earnings £ | Total shareholders' funds £ |
|---|------------------------------------|---------------------------------------|---------------------------|--------------------------------------|
| At 1 January 2020 | 17,700 | 42,300 | 1,989,581 | 2,049,581 |
| Comprehensive expense for the year | | | | |
| Loss for the financial year | - | - | (16,818) | (16,818) |
| Total comprehensive expense for the year | - | - | (16,818) | (16,818) |
| At 31 December 2020 | 17,700 | 42,300 | 1,972,763 | 2,032,763 |

**Statement of changes in equity
For the year ended 31 December 2019**

| | Called up share capital £ | Capital redemption reserve £ | Retained earnings £ | Total shareholders' funds £ |
|---|------------------------------------|---------------------------------------|---------------------------|--------------------------------------|
| At 1 January 2019 | 17,700 | 42,300 | 2,074,318 | 2,134,318 |
| Comprehensive expense for the year | | | | |
| Loss for the financial year | - | - | (84,737) | (84,737) |
| Total comprehensive expense for the year | - | - | (84,737) | (84,737) |
| At 31 December 2019 | 17,700 | 42,300 | 1,989,581 | 2,049,581 |

The notes on pages 10 to 18 form part of these financial statements.

Kennedy & Morrison Limited

Notes to the financial statements For the year ended 31 December 2020

1. General information

The principal activity of the company during the year continued to be that of an engineering products distributor.

The company is a private company limited by shares and is incorporated and domiciled in Northern Ireland, within the United Kingdom. The address of the registered office is 29-33 Boucher Road, Belfast, BT12 6QF.

2. Statement of compliance

The financial statements of Kennedy & Morrison Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") Section 1A and the Companies Act 2006.

3. Summary of significant accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Section 1A of 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. No critical judgements or critical accounting estimates have been applied to these financial statements.

The following principal accounting policies have been consistently applied:

3.2 New standards, amendments and interpretations issued but not yet effective

The FRC completed its triennial review of FRS 102 in December 2017. The key amendments which are effective from 1 January 2019 and have had no material impact on the company.

3.3 Going concern

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of all of our staff and members of the public while continuing to keep our business open and operating. In particular, in line with UK Government our sales, administration and finance teams are continuing to work ensuring we are operating as normally as possible to continue to assist customers.

Having undertaken a going concern review, the Directors have considered the principal risk areas, including the potential impact of the COVID-19 pandemic. Financial forecasts and sensitivities show that the company is expected to continue to be cash generative taking account of the anticipated changes in trading performance as a result of COVID-19 and the effects of mitigating actions taken or available to the company, and it will operate within its facilities and meet its obligations as they fall due.

At the time of approving the financial statements the Directors expect that the company will have adequate resources and liquidity to continue for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Kennedy & Morrison Limited

**Notes to the financial statements
For the year ended 31 December 2020**

3. Summary of significant accounting policies (continued)

3.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

Turnover is recognised within the company at the point at which goods are delivered to the customer.

3.5 Interest income

Interest income is recognised in Profit or loss account using the effective interest method.

3.6 Tangible assets

Tangible assets are stated at cost less depreciation. The cost is their purchase cost, together with any incidental costs of acquisition.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as below.

Depreciation is provided on the following basis:

| | | |
|-----------------------|---|----------------------|
| Plant and machinery | - | 10% Straight line |
| Motor vehicles | - | 25% Reducing balance |
| Fixtures and fittings | - | 20% 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 Profit or loss.

Kennedy & Morrison Limited

**Notes to the financial statements
For the year ended 31 December 2020**

3. Summary of significant accounting policies (continued)

3.7 Stocks

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

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 Profit and loss account.

3.8 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.

3.9 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.

3.10 Financial instruments

The company has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Kennedy & Morrison Limited

**Notes to the financial statements
For the year ended 31 December 2020**

3. Summary of significant accounting policies (continued)

3.10 Financial instruments (continued)

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors, loans from fellow group companies and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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..

3.11 Cash at bank and in hand

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.

3.12 Operating leases: lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Kennedy & Morrison Limited

Notes to the financial statements For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

3.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, 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.

3.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

4. Employees

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

| | 2020 Number | 2019 Number |
|--------------------------|----------------|----------------|
| Selling and distribution | 21 | 21 |
| Administrative | 17 | 17 |
| | <hr/> | <hr/> |
| | 38 | 38 |
| | <hr/> | <hr/> |

Kennedy & Morrison Limited

**Notes to the financial statements
For the year ended 31 December 2020**

5. Tangible assets

| | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|---------------------------------|-----------------------------|------------------------|-------------------------------|----------------|
| Cost | | | | |
| At 1 January 2020 | 163,912 | 347,721 | 242,037 | 753,670 |
| Additions | - | 14,750 | 9,703 | 24,453 |
| Disposals | - | (19,678) | (958) | (20,636) |
| At 31 December 2020 | 163,912 | 342,793 | 250,782 | 757,487 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | 163,041 | 136,583 | 219,919 | 519,543 |
| Charge for the year | 367 | 52,987 | 7,891 | 61,245 |
| Disposals | - | (15,879) | (958) | (16,837) |
| At 31 December 2020 | 163,408 | 173,691 | 226,852 | 563,951 |
| Net book value | | | | |
| At 31 December 2020 | 504 | 169,102 | 23,930 | 193,536 |
| At 31 December 2019 | 871 | 211,138 | 22,118 | 234,127 |

6. Stocks

| | 2020 £ | 2019 £ |
|-------------------------------------|----------------|----------------|
| Sundry stocks | 11,388 | 14,745 |
| Finished goods and goods for resale | 824,399 | 749,300 |
| | 835,787 | 764,045 |

Kennedy & Morrison Limited**Notes to the financial statements
For the year ended 31 December 2020****7. Debtors**

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Trade debtors | 977,976 | 1,022,464 |
| Amounts owed by related party undertakings (note 14) | 164,944 | 163,474 |
| Corporation tax repayable | - | 11,843 |
| Deferred tax asset (note 11) | 4,571 | - |
| Prepayments and accrued income | 24,003 | 37,120 |
| | <u>1,171,494</u> | <u>1,234,901</u> |

Amounts owed by related party undertakings are unsecured, interest free and repayable on demand.

8. Current asset investments

| | 2020 | 2019 |
|----------------------|------------------|------------------|
| | £ | £ |
| Unlisted investments | <u>1,223,298</u> | <u>1,152,220</u> |

9. Cash at bank and in hand

| | 2020 | 2019 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Cash at bank and in hand | 16,070 | 38,348 |
| Less: bank overdrafts | (203,798) | (405,562) |
| | <u>(187,728)</u> | <u>(367,214)</u> |

10. Creditors: amounts falling due within one year

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Bank overdrafts | 203,798 | 405,562 |
| Trade creditors | 600,423 | 475,141 |
| Amounts owed to related party undertakings (note 14) | 10,000 | 10,000 |
| Other taxation and social security | 233,968 | 140,259 |
| Accruals and deferred income | 359,233 | 338,288 |
| | <u>1,407,422</u> | <u>1,369,250</u> |

Amounts owed to related party undertakings are unsecured, interest free and repayable on demand.

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11. Deferred taxation

| | 2020 £ | 2019 £ |
|---|--------------|----------------|
| At beginning of year | (4,810) | (15,157) |
| Adjustment in respect of previous periods | 5,865 | 35 |
| Charged to Profit and loss account | 3,516 | 10,312 |
| At end of year | 4,571 | (4,810) |

The provision for deferred taxation is made up as follows:

| | 2020 £ | 2019 £ |
|--------------------------------|--------------|----------------|
| Fixed asset timing differences | (15,370) | (19,802) |
| Short term timing differences | 647 | 634 |
| Losses | 19,294 | 14,358 |
| | 4,571 | (4,810) |

12. Called up share capital

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Allotted and fully paid | | |
| 17,700 (2019: 17,700) Ordinary shares of £1 each | 17,700 | 17,700 |

13. 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 £35,357 (2019: £36,377). The balance outstanding at the year end is £Nil (2019: £Nil).

14. Related party transactions

The company has taken advantage of the exemptions under paragraph 33.1A from the provisions of FRS102, on the grounds that all of the voting rights of the company are controlled within the group.

| | 2020 £ | 2019 £ |
|-----------------------|---------------|---------------|
| Eldora Limited (rent) | 10,000 | 10,000 |

The balance owed by Eldora Limited as at 31 December 2020 was £164,944 (2019: £163,474).

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**Notes to the financial statements
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15. Ultimate parent undertaking

The immediate and ultimate parent undertaking is Kentford Limited, a company incorporated in Northern Ireland. Kentford Limited have taken advantage of exemptions available to small groups not to prepare consolidated financial statements.

The ultimate controlling party is JC Lowry.