

Company Registration No. 01374438 (England and Wales)

**DIAMOND ELECTRONICS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**PAGES FOR FILING WITH REGISTRAR**



# DIAMOND ELECTRONICS LIMITED

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# DIAMOND ELECTRONICS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	3		232,541		182,305
Investments	4		-		20,475
			<u>232,541</u>		<u>202,780</u>
<b>Current assets</b>					
Stocks		2,087,958		2,029,249	
Debtors	6	2,286,393		2,396,750	
Cash at bank and in hand		200,072		422,888	
		<u>4,574,423</u>		<u>4,848,887</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(3,416,159)</u>		<u>(3,998,022)</u>	
<b>Net current assets</b>			<u>1,158,264</u>		<u>850,865</u>
<b>Total assets less current liabilities</b>			<u>1,390,805</u>		<u>1,053,645</u>
<b>Creditors: amounts falling due after more than one year</b>	8		(51,665)		(25,278)
<b>Provisions for liabilities</b>	9		(38,070)		(27,189)
<b>Net assets</b>			<u>1,301,070</u>		<u>1,001,178</u>
<b>Capital and reserves</b>					
Called up share capital	11		1,000		1,000
Share premium account			13,800		13,800
Profit and loss reserves			1,286,270		986,378
<b>Total equity</b>			<u>1,301,070</u>		<u>1,001,178</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

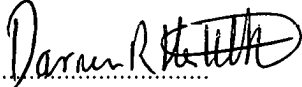
**DIAMOND ELECTRONICS LIMITED**

**BALANCE SHEET (CONTINUED)**

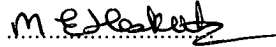
**AS AT 31 DECEMBER 2019**

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The financial statements were approved by the board of directors and authorised for issue on 16/7/20 and are signed on its behalf by:



D R Hesketh  
Director



M E Hesketh  
Director

**Company Registration No. 01374438**

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

##### Company information

Diamond Electronics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fourways Technology Park, London Road, Smallwood, Nr Sandbach, Cheshire, CW11 2US.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Restatement of comparatives

In 2018 the share capital in the company's subsidiary was increased by £19,999, which was not reflected in this company's 2018 financial statements. The investment has been increased via the intercompany loan account within debtors. There is no overall impact to profit from this restatement.

##### 1.3 Going concern

The risks related to the Covid-19 pandemic have been assessed by the Board. The unprecedented events, which are still evolving, are likely to have a short to medium-term impact on the company's financial performance, though are not easily forecasted. To date, the company has experienced a reduction in revenues but due to the actions that the board are taking this is not having a detrimental impact on its financial performance. The company has sufficient financial resources, including the support of its bankers, together with long lasting relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook related to the Covid-19 pandemic.

The directors are taking all available steps to efficiently manage cash flow, to reduce costs and to plan appropriate commercial actions to take during this period of instability across the UK economy. This includes exploring all available support being made available from the UK Government.

After reviewing the company's forecasts and projections and obtaining additional loan funding through the Government's Coronavirus Business Interruption Loan Scheme, the directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

##### 1.4 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

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

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

Improvements to property	10% on cost
Plant and machinery	20% on cost
Fixtures and fittings	10% on reducing balance
Computer equipment	33% on reducing balance
Motor vehicles	20% on reducing balance

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

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each 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.

#### 1.9 Cash and cash equivalents

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

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable 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.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### **Current tax**

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

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

#### 1.16 Foreign exchange

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

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 48 (2018 - 42).

### 3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 January 2019	264,041	722,917	986,958
Additions	17,908	144,002	161,910
Disposals	(14,744)	(57,965)	(72,709)
At 31 December 2019	267,205	808,954	1,076,159
<b>Depreciation and impairment</b>			
At 1 January 2019	178,554	626,099	804,653
Depreciation charged in the year	10,205	42,910	53,115
Eliminated in respect of disposals	(1,398)	(12,752)	(14,150)
At 31 December 2019	187,361	656,257	843,618
<b>Carrying amount</b>			
At 31 December 2019	79,844	152,697	232,541
At 31 December 2018	85,487	96,818	182,305

### 4 Fixed asset investments

	(as restated)	
	2019	2018
	£	£
Investments	-	20,475

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

**4 Fixed asset investments** (as restated)

**Movements in fixed asset investments**

	<b>Investments other than loans £</b>
<b>Cost or valuation</b>	
At 1 January 2019 (as restated)	20,475
Disposals	(20,475)
	-
At 31 December 2019	-
	-
<b>Carrying amount</b>	
At 31 December 2019	-
	-
At 31 December 2018	20,475

**5 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Class of shares held	% Held	
		Direct	Indirect
Diamond LED Lighting Limited	Ordinary	-	-
ECSC (HK) Ltd	Ordinary	-	-

On the 12 December 2019, the company transferred its shareholdings in its subsidiaries to EKFL (UK) Holdings Limited. The transfer was done via a dividend in specie totalling £20,475.

**6 Debtors** (as restated)

	2019	2018
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>
Trade debtors	1,581,243	1,769,588
Corporation tax recoverable	4,458	4,458
Amounts owed by related parties	652,567	585,035
Other debtors	5,619	-
Prepayments and accrued income	42,506	37,669
	2,286,393	2,396,750
	2,286,393	2,396,750

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	1,543,201	1,390,999
Obligations under finance leases	39,762	22,442
Trade creditors	1,447,238	2,178,445
Amounts owed to related parties	22,308	77,457
Corporation tax	138,697	131,000
Other taxation and social security	83,258	73,320
Other creditors	-	62,561
Accruals and deferred income	141,695	61,798
	<u>3,416,159</u>	<u>3,998,022</u>

The finance leases are secured on the assets concerned.

The bank loan and overdraft are secured by an unscheduled Mortgage Debenture dated 20th September 1993 incorporating a fixed and floating charge over all current and future assets of the company, which is held by the company's bankers. A right to set-off is also contained within the Bank's standard forms of charge.

### 8 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Obligations under finance leases	51,665	25,278
	<u>51,665</u>	<u>25,278</u>

### 9 Provisions for liabilities

	2019 £	2018 £
Deferred tax liabilities	10 38,070	27,189
	<u>38,070</u>	<u>27,189</u>

### 10 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	38,070	27,189
	<u>38,070</u>	<u>27,189</u>

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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10	Deferred taxation	(Continued)
		2019
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 January 2019	27,189
	Charge to profit or loss	10,881
	Liability at 31 December 2019	<u>38,070</u>

11	Called up share capital	2019	2018
		£	£
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	800 Ordinary A shares of £1 each	800	800
	200 Ordinary B shares of £1 each	200	200
		<u>1,000</u>	<u>1,000</u>

The B shares do not carry any voting rights.

### 12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Stephen Grayson FCCA.

The auditor was UHY Hacker Young Manchester LLP.

### 13 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019	2018
£	£
155,626	57,225

### 14 Related party transactions

# DIAMOND ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 14 Related party transactions

(Continued)

During the year the company paid rent for the business premises amounting to £65,000 (2018 - £60,000) to the pension scheme for the company's directors.

At the year end the company was owed £652,567 (2018: £585,035) from related parties who are related through common ownership. The balance relates to cash advances made and costs incurred by this company on behalf of the connected companies.

At the year end the company owed £22,308 (2018: £77,457) to related parties who are related through common ownership. The balance relates to cash advances made and costs incurred by this company on behalf of the connected companies.

### 15 Parent company

Following a group restructuring on 12 December 2019 the ultimate parent company became Diamond Electronics Holdings Limited, which is registered in England and Wales.