

Registered number: SC202669

KDM SHOPFITTING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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KDM SHOPFITTING LIMITED

COMPANY INFORMATION

Directors	Mr I Jones Mr M Jones
Company secretary	Mr M Jones
Registered number	SC202669
Registered office	Thistle House 8 St. Davids Drive Dalgety Bay Dunfermline Fife KY11 9PF
Independent auditor	French Duncan LLP Chartered Accountants and Statutory Auditor 133 Finnieston Street Glasgow G3 8HB
Bankers	Bank of Scotland PLC 33 Old Broad Street London BX2 1LB
Solicitors	Burness Paul 50 Lothian Road Edinburgh EH3 9WJ

KDM SHOPFITTING LIMITED

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KDM SHOPFITTING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic Report for the year ended 31 December 2021.

Business review

KDM continue to build on strong working relationships with our customer base, which includes large multinational companies. We continue to facilitate framework agreements with our customers which provides steady work streams and solid margins which accommodate the growth of the Company. The Company also continues to deliver bespoke projects for selected clients when the appropriate opportunities arise. Our income streams throughout 2021 were predominantly generated within the UK, however since 2017 we have engaged with a world leading online and distribution provider to deliver various work streams throughout the UK and mainland Europe. To accommodate the changing environment in the EU and the UK leaving the EU the Company acquired a Dutch subsidiary in 2019 to reduce risk of project delivery in the region post Brexit. Our growth in 2020 and 2021 has also allowed KDM to expand its direct offerings which resulted in the Company acquiring a majority shareholding in KDM Gunning Electrical Limited.

Principal risks and uncertainties

The Company operates in a competitive market with increasing raw material and labour costs as a result of Brexit and the ongoing supply and energy issues resulting from the conflict in the Ukraine. Therefore, the Company must ensure that all projects are planned and delivered efficiently utilising a robust supply chain of partners which we have put in place and constantly review based on project delivery requirements.

With the Company being involved in an ever increasing scale of construction projects, any delay in the delivery of raw materials or interruption to the production process can cause operational and financial difficulties. The risk is mitigated by having strong relationships with reputable subcontractors, suppliers and distributors. The Company has also relocated its regional hub in Warrington to a facility now capable of storing essential materials to scale on a long-term basis to strategically manage material availability and price fluctuations.

Since Brexit has materialised we have planned extensively to understand the excise, labour and material risks of delivering projects in the EU and also ensuring that all key materials are available for import to the UK when required and understand the import/export regulations affecting our business. Since the year end KDM have had limited exposure to projects in the EU but anticipate this will increase as the Covid-19 situation continues to improve across the EU. We are confident we have put appropriate measures in place to ensure we can continue to deliver in the region utilising our Dutch subsidiary.

KDM like all other businesses was affected by Covid-19 during 2021. Through these difficult times we continued to operate on all sites for key clients and constantly assessed our practices to adhere to government guidelines to minimise risk to the business, our staff, clients and key partners. Now restrictions have ended we have amended short term and long-term forecasts modelling to confirm our stability and we continue to work closely with our financiers to maximise our working capital.

The risk management framework of the Company is established by the directors. This framework is regularly reviewed and amended to reflect macro-economic, industry specific and micro business risks. All risks are categorised into high, medium and low assessments for impact and probability. Mitigation measures are then put in place where possible to limit any impact should a risk crystallise. The board will continue to evaluate the risks in to the business and make decisions in the best interests of the shareholders and other key stakeholders.

The board of directors at KDM take our environmental responsibilities seriously and continue to ensure the business meets all legislative requirements in the regions we operate. Further to this the Company undertake environmental audits conducted by reputable third parties such as Ecovadis to evaluate our environmental impact, ethical and human resource standards.

KDM SHOPFITTING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

	2021	2020
	£	£
Turnover	99.34m	33.00m
Gross Profit %	19.6%	20.4%
EBIT	15.26m	4.55m

Financial review

Revenues in the year totalled £99.34 million, an increase of 201% on the previous year. This increase was primarily caused by an increase in turnover with our larger customers. The increase in turnover led to gross profit increasing by £12.71 million with the margin decreasing from 20.4% to 19.6%.

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


Mr M Jones
Director

Date: 6/7/2022

KDM SHOPFITTING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

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

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

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

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

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

Principal activity

The principal activity of the Company during the year continued to be that of fit out, manufacturing and construction project management.

Results and dividends

The profit for the year, after taxation, amounted to £12,330,943 (2020 - £3,696,448).

An interim dividend of £5,200,000 (2020 - £nil) was paid and a final dividend of £2,000,000 (2020 - £nil) was declared.

Directors

The directors who served during the year were:

Mr I Jones
Mr M Jones

Future developments

The directors aim to build on the management policies adopted during the year ended 31 December 2021 and consider that the Company is well placed to take advantage of opportunities which may arise in the current year.

KDM SHOPFITTING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor


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

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

Auditor

Under section 487(2) of the Companies Act 2006, French Duncan LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



Mr M Jones
Director

Date: 6/7/2022

KDM SHOPFITTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KDM SHOPFITTING LIMITED

Opinion

We have audited the financial statements of KDM Shopfitting Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

KDM SHOPFITTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KDM SHOPFITTING LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

KDM SHOPFITTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KDM SHOPFITTING LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

KDM SHOPFITTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KDM SHOPFITTING LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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.

French Duncan LLP

Thomas Bates (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants and Statutory Auditor

133 Finnieston Street
Glasgow
G3 8HB

Date: *13 JULY 2022*

KDM SHOPFITTING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	99,343,089	33,004,738
Cost of sales		(79,899,548)	(26,273,100)
Gross profit		19,443,541	6,731,638
Administrative expenses		(4,186,031)	(2,295,186)
Other operating income	5	4,718	109,409
Operating profit	6	15,262,228	4,545,861
Interest payable	9	(21,954)	(7,924)
Profit before tax		15,240,274	4,537,937
Tax on profit	10	(2,909,331)	(841,489)
Profit for the financial year		12,330,943	3,696,448

The notes on pages 13 to 34 form part of these financial statements.

KDM SHOPFITTING LIMITED
REGISTERED NUMBER: SC202669

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	1,941,134	1,706,675
Investments	12	68,780	17,780
		<u>2,009,914</u>	<u>1,724,455</u>
Current assets			
Stocks	13	172,622	142,326
Debtors: amounts falling due within one year	14	18,042,911	12,035,453
Cash at bank and in hand	15	12,311,003	1,002,238
		<u>30,526,536</u>	<u>13,180,017</u>
Creditors: amounts falling due within one year	16	(22,185,539)	(9,642,756)
Net current assets		<u>8,340,997</u>	<u>3,537,261</u>
Total assets less current liabilities		<u>10,350,911</u>	<u>5,261,716</u>
Creditors: amounts falling due after more than one year	17	(618,448)	(698,932)
Provisions for liabilities			
Deferred tax	20	(58,799)	(20,063)
Net assets		<u>9,673,664</u>	<u>4,542,721</u>
Capital and reserves			
Called up share capital	21	95,000	95,000
Share premium account	22	60,000	60,000
Revaluation reserve	22	45,052	45,052
Capital redemption reserve	22	135,001	135,001
Profit and loss account	22	9,338,611	4,207,668
		<u>9,673,664</u>	<u>4,542,721</u>

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

Mr M Jones
 Director



Date: 6/7/2022

The notes on pages 13 to 34 form part of these financial statements.

KDM SHOPFITTING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	95,000	60,000	135,001	45,052	4,207,668	4,542,721
Comprehensive income for the year						
Profit for the year	-	-	-	-	12,330,943	12,330,943
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	12,330,943	12,330,943
Dividends: Equity capital	-	-	-	-	(7,200,000)	(7,200,000)
Total transactions with owners	-	-	-	-	(7,200,000)	(7,200,000)
At 31 December 2021	95,000	60,000	135,001	45,052	9,338,611	9,673,664

The notes on pages 13 to 34 form part of these financial statements.

KDM SHOPFITTING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020	175,000	60,000	55,001	45,052	639,220	974,273
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,696,448	3,696,448
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	3,696,448	3,696,448
Redemption of shares	(80,000)	-	80,000	-	(128,000)	(128,000)
Total transactions with owners	(80,000)	-	80,000	-	(128,000)	(128,000)
At 31 December 2020	95,000	60,000	135,001	45,052	4,207,668	4,542,721

The notes on pages 13 to 34 form part of these financial statements.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

KDM Shopfitting Limited is a private company limited by shares incorporated in Scotland. The registered office is Thistle House, 8 St Davids Drive, Dalgety Bay, Dunfermline, KY11 9PF.

The principal activity of the company during the year continued to be that of fitting out, manufacturing and construction project management.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The 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 following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of KDM Enterprises Limited as at 31 December 2021 and these financial statements may be obtained from Companies House, 133 Fountainbridge, Edinburgh, EH3 9FF.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Going concern

At the time of approving the financial statements, the directors have an expectation that the Company has adequate resources to continue in operational existence for a period of not less than 12 months. The directors have reviewed their budgets and cashflow based on their ongoing order book and are satisfied that the Company has sufficient cash reserves and net income for the next 12 months.

The directors consider that these measures are sufficient to ensure short term liquidity and longer term financial viability. As such the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.7 Leased assets

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

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.9 Finance costs

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

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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 reporting 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.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 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 in the period are included in profit or loss.

2.13 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	20% reducing balance
Motor vehicles	-	20% reducing balance
Office equipment	-	20% reducing balance

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.

2.14 Revaluation of tangible fixed assets

Revalued land is carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 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 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.

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 profit or loss.

2.17 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion" method is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

2.18 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.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.20 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.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.22 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

KDM SHOPFITTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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 reporting 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 following judgements and estimates have had the most significant effects on amounts recognised in the financial statements.

Long term contracts

The assessment of long term contracts requires estimates to be made of the profit or loss expected to be achieved on contracts. Management base this assessment on detailed costings and progress reports and their experience of similar contracts in the past. Adjustments are made to reflect any after date events which have a significant impact on the final margins expected to be achieved. Both costs and revenues may require to be revised as future events unfold and uncertainties are resolved.

Lease commitments

The Company has entered into commercial leases and as a lessee obtains the use of plant and equipment. The classification of such leases as operating or finance leases requires the Company to determine, based on evaluation of the term and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Property, plant and equipment

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the Company's financial assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the Company's depreciation charge.

Provisions

Provisions are recognised where the Company has an obligation, as a result of a past event, that can be measured reliably and where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	98,456,446	31,741,176
Rest of Europe	886,643	1,263,562
	<u>99,343,089</u>	<u>33,004,738</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	4,718	109,409
	<u>4,718</u>	<u>109,409</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Audit of the financial statements of the company	22,500	7,680
Exchange differences	12,283	(6,463)
Operating lease charges	97,870	84,272
	<u>132,653</u>	<u>85,489</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

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

	2021 £	2020 £
Wages and salaries	4,212,451	2,574,627
Social security costs	495,652	151,558
Cost of defined contribution scheme	366,414	124,457
	<u>5,074,517</u>	<u>2,850,642</u>

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

	2021 No.	2020 No.
Production Staff	73	57
Directors	2	2
	<u>75</u>	<u>59</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	535,435	187,183
Company contributions to defined contribution pension schemes	48,000	86,000
	<u>583,435</u>	<u>273,183</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £266,568 (2020 - £96,666).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2020 - £74,000).

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	16,766	4,679
Finance leases and hire purchase contracts	5,188	3,245
	<u>21,954</u>	<u>7,924</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,909,768	824,327
Adjustments in respect of previous periods	(39,173)	-
Total current tax	<u>2,870,595</u>	<u>824,327</u>
Deferred tax		
Origination and reversal of timing differences	32,400	17,162
Changes to tax rates	6,336	-
Total deferred tax	<u>38,736</u>	<u>17,162</u>
Taxation on profit on ordinary activities	<u>2,909,331</u>	<u>841,489</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>15,240,274</u>	<u>4,537,937</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,895,652	862,208
Effects of:		
Expenses not deductible for tax purposes	10,899	(3,561)
Adjustments to tax charge in respect of prior periods	(39,173)	-
Adjustment in Research and Development tax credit leading to a decrease in the tax charge	-	(45,903)
Deferred tax movement	-	17,162
Fixed asset differences	(7,445)	11,583
Group relief	(1,365)	-
Remeasurement of deferred tax for changes in tax rates	14,112	-
Movement in deferred tax not recognised	36,651	-
Total tax charge for the year	<u><u>2,909,331</u></u>	<u><u>841,489</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2021	1,567,427	451,681	107,745	181,899	2,308,752
Additions	-	155,853	66,310	184,588	406,751
Disposals	-	(52,400)	-	(30,161)	(82,561)
At 31 December 2021	<u>1,567,427</u>	<u>555,134</u>	<u>174,055</u>	<u>336,326</u>	<u>2,632,942</u>
Depreciation					
At 1 January 2021	225,616	325,887	-	50,574	602,077
Charge for the year on owned assets	26,334	21,979	-	55,071	103,384
Charge for the year on financed assets	846	11,937	39,369	-	52,152
Disposals	-	(43,712)	-	(22,093)	(65,805)
At 31 December 2021	<u>252,796</u>	<u>316,091</u>	<u>39,369</u>	<u>83,552</u>	<u>691,808</u>
Net book value					
At 31 December 2021	<u>1,314,631</u>	<u>239,043</u>	<u>134,686</u>	<u>252,774</u>	<u>1,941,134</u>
At 31 December 2020	<u>1,341,811</u>	<u>125,794</u>	<u>107,745</u>	<u>131,325</u>	<u>1,706,675</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021	2020
	£	£
Freehold property	39,146	39,992
Plant and machinery	128,834	32,659
Motor vehicles	134,686	107,745
	302,666	180,396

If land, with a value of £85,000 (2020 - £85,000), had not been included within freehold property above at valuation it would have been included under the historical cost convention as follows:

	2021	2020
	£	£
Cost	30,000	30,000
Accumulated depreciation	-	-
Net book value	30,000	30,000

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2021	17,011	769	17,780
Additions	51,000	-	51,000
At 31 December 2021	<u>68,011</u>	<u>769</u>	<u>68,780</u>

Unlisted investments represent a minority shareholding in Dunfermline Athletic Football Club.

The investment in Dunfermline Athletic Football Club Limited was impaired to the par value of the shareholding during 2015, as the directors consider this to be the realisable value.

Investments in subsidiaries represent an investment in KDM Europe BV, KDM (UK) Limited and KDM Gunning Electrical Limited and are held at cost.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
KDM (UK) Limited	Thistle House 8 St. Davids Drive, Dalgety Bay, Dunfermline, Fife KY11 9PF	Ordinary	100%
KDM Europe BV	T.a.v. de heer M.J. Hesseling, Udenseweg 33-a, 5411 SB Zeeland	Ordinary	100%
KDM Gunning Electrical Limited	29 Brandon Street, Hamilton, South Lanarkshire ML3 6DA	Ordinary	51%

13. Stocks

	2021 £	2020 £
Raw materials and consumables	<u>172,622</u>	<u>142,326</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Debtors

	2021	2020
	£	£
Trade debtors	10,280,875	7,029,692
Amounts owed by group undertakings	120,478	486,843
Other debtors	295,988	3,210,739
Prepayments and accrued income	105,006	36,071
Amounts recoverable on long-term contracts	7,240,564	1,272,108
	<u>18,042,911</u>	<u>12,035,453</u>

15. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	<u>12,311,003</u>	<u>1,002,238</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	123,505	133,676
Trade creditors	2,488,179	731,032
Amounts owed to group undertakings	2,000,000	-
Corporation tax	2,484,768	828,869
Other taxation and social security	4,156,816	1,986,640
Obligations under finance lease and hire purchase contracts	95,632	41,261
Other creditors	306,537	56,725
Accruals and deferred income	10,530,102	5,864,553
	<u>22,185,539</u>	<u>9,642,756</u>

The following liabilities were secured:

	2021	2020
	£	£
Bank loans	<u>123,505</u>	<u>133,676</u>

Details of security provided:

Bank of Scotland and Aldermore Bank hold standard securities over the freehold property of the Company. Bank of Scotland, Aldermore Limited and Bitwise Limited hold floating charges over the whole assets of the Company. There were no balances due to Aldermore Bank or Bitwise Limited at the year end.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021	2020
	£	£
Bank loans	466,368	589,872
Net obligations under finance leases and hire purchase contracts	152,080	109,060
	<u>618,448</u>	<u>698,932</u>

The following liabilities were secured:

	2021	2020
	£	£
Bank loans	<u>466,368</u>	<u>589,872</u>

Details of security provided:

Details are provided in note 16.

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	2021	2020
	£	£
Repayable by instalments	<u>204,976</u>	<u>239,399</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Bank loans falling due within one year	123,505	133,676
Bank loans falling due between 1-2 years	84,783	123,504
Bank loans falling due between 2-5 years	176,609	226,969
Bank loans falling due after more than 5 years	204,976	239,399
	<u>589,873</u>	<u>723,548</u>

Bank loans comprise:

A floating rate bank loan of £360k with an interest rate of base rate + 2.90% and a maturity date of 2032.

A fixed rate bank loan of £40k with an interest rate of 3.82% and a maturity date of 2022.

A floating rate bank loan of £190k with an interest rate of base rate + 2.30% and a maturity date of 2025.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	95,632	41,261
Between 1-5 years	152,080	109,060
	<u>247,712</u>	<u>150,321</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Deferred taxation

	2021 £	2020 £
At beginning of year	20,063	7,444
Charged to profit or loss	38,736	12,619
At end of year	58,799	20,063

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	113,388	10,115
Short-term timing differences	(65,852)	-
Capital gains	11,263	9,948
	58,799	20,063

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
90,000 (2020 - 90,000) Ordinary A shares of £1.00 each	90,000	90,000
5,000 (2020 - 5,000) Ordinary B shares of £1.00 each	5,000	5,000
	95,000	95,000

The Ordinary A shares have rights to dividends as a class of share, voting rights and the right to capital distributions.

The Ordinary B shares have dividend rights as a class of share and to participate in capital distributions but have no rights to vote.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Reserves

Share premium account

The share premium account represents the premium paid on ordinary shares of the company, above their nominal value.

Revaluation reserve

Revaluation reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account represents the accumulated profits and losses of the Company less distributions made to shareholders.

23. 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 £366,414 (2020 - £124,457). Contributions totalling £271,243 (2020 - £10,742) were payable to the fund at the reporting date and are included in other creditors.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Other operating leases		
Not later than 1 year	33,104	33,104
Later than 1 year and not later than 5 years	20,337	53,441
	<u>53,441</u>	<u>86,545</u>
	2021 £	2020 £
Land and buildings		
Not later than 1 year	159,975	-
Later than 1 year and not later than 5 years	167,006	-
	<u>326,981</u>	<u>-</u>

25. Related party transactions

During the year the Company entered into the following transactions with entities with control, joint control or significant influence over the Company: loans repaid by related parties - £380,000 (2020 - loans extended £380,000); dividends declared to related parties - £7,200,000 (2020 - £nil); dividends paid to related parties - £5,200,000 (2020 - £nil). At the year end amounts due to these related parties totalled £2,000,000 (2020 - £380,000 due from related parties). Outstanding balances are unsecured, interest free and repayable on demand.

During the year the Company entered into the following transactions with entities over which the Company has control, joint control or significant influence: provision of services to related parties - £886,643 (2020 - £nil); purchases of services from related parties - £4,384 (2020 - £nil); loans extended to related parties - £13,635 (2020 - £20,333). At the year end amounts due from these related parties totalled £1,002,737 (2020 - £106,843). Outstanding balances are unsecured, interest free and repayable on demand.

During the year the Company entered into the following transactions with other related parties: purchases of services from related parties - £11,400 (2020 - £13,680). At the year end amounts due to these related parties totalled £nil (2020 - £nil). Outstanding balances are unsecured, interest free and repayable on demand.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

26. Controlling party

The Company's parent undertaking is KDM Enterprises Limited, a company registered in Scotland and whose registered office is Thistle House, 8 St Davids Drive, Dalgety Bay KY11 9PF.

The smallest and largest group to consolidate the results included in these financial statements is KDM Enterprises Limited. The consolidated financial statements of KDM Enterprises Limited are available from Companies House, 133 Fountainbridge, Edinburgh EH3 9FF.

There is no ultimate controlling party of KDM Enterprises Limited.