

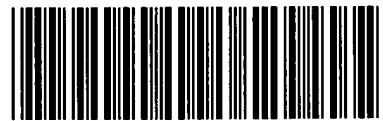
Registered number: 05298340

DISTINCTION DOORS LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2016

WEDNESDAY



A656RGYI

A22

26/04/2017

#252

COMPANIES HOUSE

DISTINCTION DOORS LIMITED

Company Information

Directors

V M Brown
A J Fowlds
D R Gomersall
D M Walker
A E Wright
C Roach
G Williams
H Lovak

Registered number

05298340

Registered office

Wentworth 36
Wentworth Industrial Estate
Wentworth Way
Tankersley
Barnsley
S75 3DH

Independent auditors

Smith Cooper Limited
Chartered Accountants and Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB

DISTINCTION DOORS LIMITED

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 24
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	25 - 27

DISTINCTION DOORS LIMITED

Strategic report For the Year Ended 31 December 2016

Introduction

The directors present their strategic report for the year ended 31 December 2016

Principal risks and uncertainty

The key business risks and uncertainties affecting the company are considered to be the level of the sterling exchange rate against the US dollar, continued regional investment in infrastructure, the impact of government legislation and the state of the wider economic climate.

The company remains focussed and committed to managing the factors which affected our business this year. We have implemented a currency hedging policy and remain at the forefront of innovation in our sector.

Financial key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for the readers of the accounts to gain an understanding of the development, performance or position of the business.

Outlook

The company continues to harness its strengths and capabilities towards achieving targeted development of both new and existing product lines. Once again we are grateful to our experienced, talented and engaged workforce and our growing customer base, as we embark on the next chapter of the company's advancement.

The company's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and cashflow risk are described in the Strategic Report.

The company has considerable financial resources together with long term contracts with key suppliers. As a consequence, the directors believe that the company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

The directors have undertaken a comprehensive review of the 2017 forecasts and are confident, even with conservative estimates the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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



A E Wright

Director

Date: 19 April 2017

DISTINCTION DOORS LIMITED

Directors' report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The company's principal activity during the year continued to be the distribution of composite doors.

Results and dividends

The profit for the year, after taxation, amounted to £1,820,177 (2015 - £2,264,043).

Directors

The directors who served during the year were:

V M Brown
A J Fowlds
D R Gomersall
D M Walker
A E Wright
C Roach
G Williams
H Lovak

DISTINCTION DOORS LIMITED

Directors' report (continued) For the Year Ended 31 December 2016

Financial instruments

Objectives and policies

The Company finances its operations through a mixture of retained earnings, invoice discounting, loans and bank borrowings.

The management objectives are to:

- retain sufficient liquid funds to enable the Company to meet its day to day obligations as they fall due whilst maximising returns on available surplus funds; and
- minimise the Company's exposure to fluctuating interest rates when seeking new borrowings; and
- minimise the Company's exposure to sudden and significant fluctuations in foreign currency rates; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Company's trading activities.

The Company's surplus funds are deposited with reputable European banks and where appropriate are invested in short term deposit accounts, to retain flexibility to release cash resources at short notice and to allow the Company to take advantage of changing conditions in the finance markets as they arise.

Foreign exchange risk is managed by the use of forward currency exchange contracts.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, Smith Cooper Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A E Wright

Director

Date: 19 April 2017

DISTINCTION DOORS LIMITED

Independent auditors' report to the shareholders of Distinction Doors Limited

We have audited the financial statements of Distinction Doors Limited for the year ended 31 December 2016, set out on pages 6 to 24. 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'.

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 Auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

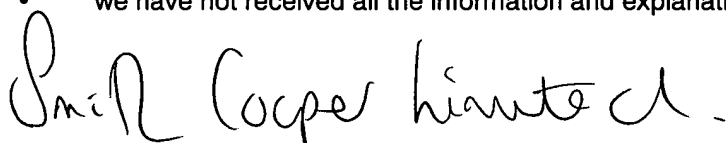
DISTINCTION DOORS LIMITED

Independent auditors' report to the shareholders of Distinction Doors Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Sarah Flear (Senior statutory auditor)

for and on behalf of

Smith Cooper Limited

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

19 April 2017

DISTINCTION DOORS LIMITED

**Statement of comprehensive income
For the Year Ended 31 December 2016**

	Note	2016 £	2015 £
Turnover	3	43,189,508	39,082,859
Cost of sales		<u>(36,992,829)</u>	<u>(31,653,558)</u>
Gross profit		6,196,679	7,429,301
Administrative expenses		<u>(3,807,054)</u>	<u>(4,491,584)</u>
Operating profit		2,389,625	2,937,717
Interest payable and similar charges	8	<u>(164,696)</u>	<u>(149,438)</u>
Profit before taxation		2,224,929	2,788,279
Tax on profit	9	<u>(404,752)</u>	<u>(524,236)</u>
Profit for the year		<u>1,820,177</u>	<u>2,264,043</u>
Other comprehensive income for the year			
Gains/(losses) on cash flow hedges		<u>(764,192)</u>	<u>(139,196)</u>
Other comprehensive income for the year		(764,192)	(139,196)
Deferred tax relating to components of other comprehensive income		<u>152,838</u>	<u>27,840</u>
		152,838	27,840
Total comprehensive income for the year		<u>1,208,823</u>	<u>2,152,687</u>

DISTINCTION DOORS LIMITED
Registered number: 05298340

Balance sheet
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	895,332	446,851
Investments	11	1	1
		895,333	446,852
Current assets			
Stocks	12	6,059,480	5,065,267
Debtors: Amounts falling due within one year	13	14,878,873	12,244,760
Cash at bank and in hand	14	875,895	688,676
		21,814,248	17,998,703
Creditors: Amounts falling due within one year	15	(12,720,293)	(9,712,298)
Net current assets		9,093,955	8,286,405
Total assets less current liabilities		9,989,288	8,733,257
Creditors: Amounts falling due after more than one year	16	(273,909)	(94,863)
Provisions for liabilities			
Deferred tax		(43,428)	(175,266)
		(43,428)	(175,266)
Net assets		9,671,951	8,463,128
Capital and reserves			
Called up share capital	21	150,000	150,000
Fair value reserve		(50,288)	561,066
Profit and loss account		9,572,239	7,752,062
		9,671,951	8,463,128

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

A E Wright

A E Wright
Director
Date: 19 April 2017

The notes on pages 9 to 24 form part of these financial statements.

DISTINCTION DOORS LIMITED

**Statement of changes in equity
For the Year Ended 31 December 2016**

	Called up share capital £	Fair value reserve £	Profit and loss account £	Total equity £
At 1 January 2015	150,000	672,422	5,488,019	6,310,441
Comprehensive income for the year				
Profit for the year	-	-	2,264,043	2,264,043
Gains/(losses) on cash flow hedges	-	(139,196)	-	(139,196)
Deferred tax relating to components of other comprehensive income	-	27,840	-	27,840
Other comprehensive income for the year	-	(111,356)	-	(111,356)
Total comprehensive income for the year	-	(111,356)	2,264,043	2,152,687
At 1 January 2016	150,000	561,066	7,752,062	8,463,128
Comprehensive income for the year				
Profit for the year	-	-	1,820,177	1,820,177
Gains/(losses) on cash flow hedges	-	(764,192)	-	(764,192)
Deferred tax relating to components of other comprehensive income	-	152,838	-	152,838
Other comprehensive income for the year	-	(611,354)	-	(611,354)
Total comprehensive income for the year	-	(611,354)	1,820,177	1,208,823
At 31 December 2016	150,000	(50,288)	9,572,239	9,671,951

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Distinction Doors Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is the same as the place of business being Wentworth 36, Wentworth Industrial Estate, Wentworth Way, Tankersley, Barnsley, S75 3DH. The company's registration number is 05298340. The nature of the company's operations and principal activities are given in the Directors' Report.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in Sterling which is the functional currency of the company.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements therefore present information about the company as an individual undertaking and not about its group.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 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 Distinction Group Limited as at 31 December 2016 and these financial statements may be obtained from Wentworth 36, Wentworth Industrial Park, Wentworth Way, Tankersley, Barnsley, South Yorkshire, S75 3DH.

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.3 Tangible fixed assets

Tangible fixed assets are stated at 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.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life.

Depreciation is provided on the following bases:

Leasehold property improvements-	20%	straight line
Plant and machinery	-	20% to 33.3% straight line
Motor vehicles	-	33% straight line
Fixtures and fittings	-	20% to 33.3% straight line
Office equipment	-	33% straight line
Computer software	-	20% to 33.3% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may be affected.

1.4 Valuation of investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss if the shares are public.

1.5 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. Revenue is recognised on the despatch of goods. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer usually on the despatch of goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.6 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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.

1.7 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

1.8 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.

1.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, unless it relates to items in other comprehensive income or directly in equity. In such cases, the restated tax is also other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

1.11 Derivative instruments

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products. In accordance with the group foreign exchange policy, the company does not enter into derivatives for speculative purposes. Derivatives are stated at their fair value, being the estimated amount that the company would receive or pay to terminate them at the balance sheet date based on prevailing foreign currency exchange rates.

Changes in fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in equity in the fair value reserve, and subsequently transferred to the carrying amount of the hedged item through Other Comprehensive Income. Realised gains and losses on cash flow hedges are recognised in the profit and loss account in the same period as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is then transferred to the profit and loss account.

Changes in fair value of derivatives which are ineffective or do not meet the criteria for hedge accounting in FRS 102 are recognised in the profit and loss account.

1.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and short term deposits with an original maturity date of three months or less.

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.13 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. Loans and borrowings that are receivable within one year are not discounted. If an arrangement constitutes a finance transaction it is measured at present value of future payments discounted at a market rate of interest for a similar loan.

1.14 Short term debtors and creditors

Debtors and creditors with no stated interest rate or that are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

1.15 Pensions

Defined contribution pension plan

The company operates a defined contribution pension scheme and contributions to the scheme are recognised in the profit and loss account in the period in which they become payable.

1.16 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit and loss on a straight line basis over the period of the lease.

Lease incentives are recognised over the lease term on a straight line basis.

1.17 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

2. Judgments 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 balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Financial instruments - fair values have been estimated at the amount the company would expect to receive or pay to terminate the forward contracts at the balance sheet date based on prevailing foreign currency rates.

3. Analysis of turnover

	2016 £	2015 £
Sale of goods	43,189,508	39,082,859
	43,189,508	39,082,859
	43,189,508	39,082,859

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	42,190,980	38,386,003
Rest of Europe	998,528	696,856
	43,189,508	39,082,859
	43,189,508	39,082,859

4. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	233,731	192,141
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts - Smith Cooper Limited	9,000	8,700
Exchange differences	(688,004)	59,550
Operating lease rentals - land and buildings	351,388	221,045
Operating lease rentals - plant and machinery	69,446	97,887
	69,446	97,887
	69,446	97,887

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

5. Auditors' remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts - Smith Cooper Limited	9,000	8,700
	<u>9,000</u>	<u>8,700</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	8,830	5,270
	<u>8,830</u>	<u>5,270</u>

6. Employees

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

	2016	2015
	£	£
Wages and salaries	3,289,899	3,153,151
Social security costs	290,565	263,062
Cost of defined contribution scheme	133,830	96,483
	<u>3,714,294</u>	<u>3,512,696</u>

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

	2016	2015
	No.	No.
Administration and Sales	53	51
Production	57	40
	<u>110</u>	<u>91</u>

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

7. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	884,224	828,927
Company contributions to defined contribution pension schemes	31,406	34,394
	<u>915,630</u>	<u>863,321</u>

During the year retirement benefits were accruing to 8 directors (2015 - 9) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £227,750 (2015 - £209,084).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,500 (2015 - £6,000).

8. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	156,019	123,892
Other loan interest payable	546	20,891
Finance leases and hire purchase contracts	8,131	4,655
	<u>164,696</u>	<u>149,438</u>

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

9. Taxation

	2016 £	2015 £
UK corporation tax		
Current tax on profits for the year	382,467	511,657
Adjustments in respect of previous periods	1,285	(2,421)
Foreign tax		
Total current tax	383,752	509,236
Deferred tax		
Origination and reversal of timing differences	21,000	15,000
Total deferred tax	21,000	15,000
Taxation on profit on ordinary activities	404,752	524,236

Deferred tax relating to components of other comprehensive income (OCI):

Movements on derivative instruments of credit £152,838 in 2016 and £27,840 in 2015.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,224,929	2,788,279
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	444,986	557,656
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,079	4,672
Capital allowances for year in excess of depreciation	(16,125)	(10,103)
Adjustments to tax charge in respect of prior periods	1,285	(2,421)
Deferred tax - origination and reversal of temporary differences	21,000	15,000
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(25,116)	(34,093)
Rate differences	-	6,209
Group relief	(29,357)	(12,684)
Total tax charge for the year	404,752	524,236

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

10. Tangible fixed assets

	Leasehold property imprvs £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer software £	Total £
Cost							
At 1 January 2016	138,396	758,965	70,040	285,476	246,212	55,474	1,554,563
Additions	19,833	479,525	-	65,749	56,839	60,267	682,213
At 31 December 2016	<u>158,229</u>	<u>1,238,490</u>	<u>70,040</u>	<u>351,225</u>	<u>303,051</u>	<u>115,741</u>	<u>2,236,776</u>
Depreciation							
At 1 January 2016	54,750	634,024	69,277	170,557	175,864	3,241	1,107,713
Charge for the period on owned assets	21,958	49,860	763	42,796	18,145	19,345	152,867
Charge for the period on financed assets	-	31,854	-	36,013	12,997	-	80,864
At 31 December 2016	<u>76,708</u>	<u>715,738</u>	<u>70,040</u>	<u>249,366</u>	<u>207,006</u>	<u>22,586</u>	<u>1,341,444</u>
Net book value							
At 31 December 2016	<u>81,521</u>	<u>522,752</u>	<u>-</u>	<u>101,859</u>	<u>96,045</u>	<u>93,155</u>	<u>895,332</u>
At 31 December 2015	<u>83,646</u>	<u>124,941</u>	<u>763</u>	<u>114,920</u>	<u>70,348</u>	<u>52,233</u>	<u>446,851</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Short leasehold	<u>81,521</u>	<u>83,646</u>
	<u>81,521</u>	<u>83,646</u>

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

10. Tangible fixed assets (continued)

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

	2016 £	2015 £
Plant and machinery	366,079	3,548
Furniture, fittings and equipment	20,758	56,771
Other fixed assets	51,264	49,603
	438,101	109,922

Details of security in respect of assets held under finance leases and hire purchase contracts are detailed in note 15 and 16 of the financial statements.

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	1
At 31 December 2016	1
At 31 December 2016	-
Net book value	
At 31 December 2016	1
<i>At 31 December 2015</i>	1

12. Stocks

	2016 £	2015 £
Finished goods and goods for resale	6,059,480	5,065,267
	6,059,480	5,065,267

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £32,913,287 (2015 - £27,808,373).

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

13. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	6,703,912	5,695,581
Amounts owed by group undertakings	7,445,422	5,372,583
Other debtors	487,414	353,690
Prepayments and accrued income	242,125	121,574
Financial instruments	-	701,332
	14,878,873	12,244,760

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	875,895	688,676
	875,895	688,676

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans	7,131,964	5,978,051
Trade creditors	3,914,301	2,426,056
Corporation tax	137,038	286,960
Taxation and social security	564,174	313,326
Obligations under finance lease and hire purchase contracts	116,790	53,203
Other creditors	449,605	412,037
Accruals and deferred income	343,561	242,665
Financial instruments	62,860	-
	12,720,293	9,712,298

Secured loans

Creditors falling due within one year on which security has been given by the company include invoice financing creditors of £7,131,964 (2015 - £5,978,051). £Nil (2015 - £500,000) of this balance relates to a Secured Out of Formula Advance Facility. All are secured by a legal charge dated 8 November 2016.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

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

	2016	2015
	£	£
Bank loans	-	41,667
Obligations under finance lease and hire purchase contracts	273,909	53,196
	<u>273,909</u>	<u>94,863</u>
	<u><u>273,909</u></u>	<u><u>94,863</u></u>

Secured loans

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

17. Loans

Analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year		
Bank loans	7,131,964	5,978,051
	<u>7,131,964</u>	<u>5,978,051</u>
Amounts falling due 1-2 years		
Bank loans	-	41,667
	<u>-</u>	<u>41,667</u>
	<u><u>-</u></u>	<u><u>41,667</u></u>

18. Hire purchase & finance leases

Total future minimum lease payments under hire purchase fall due as follows:

	2016	2015
	£	£
Within one year	116,790	53,203
Between 1-2 years	81,467	44,264
Between 2-5 years	192,442	8,932
	<u>390,699</u>	<u>106,399</u>
	<u><u>390,699</u></u>	<u><u>106,399</u></u>

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

19. Deferred taxation

	2016	2015
	£	£
At beginning of year	(175,266)	(188,106)
Charged to the profit or loss	(21,000)	(15,000)
Charged to other comprehensive income	152,838	27,840
At end of year	(43,428)	(175,266)

The provision for deferred taxation is made up as follows:

	2016	2015
	£	£
Accelerated capital allowances	(56,000)	(35,000)
Deferred tax on forward contracts through OCI	12,572	(140,266)
	(43,428)	(175,266)

20. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

Other reserves

Fair value reserve

Includes movements in fair values on derivative financial instruments identified as designated and effective hedges. This is a non-distributable reserve impacting Other Comprehensive Income.

21. Share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
150,000 Ordinary shares of £1 each	150,000	150,000

DISTINCTION DOORS LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2016**

22. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	-	31,000
	-	31,000
	-	31,000

23. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £133,829 (2015 - £96,482).

Contributions totalling £15,322 (2015 - £12,170) were payable to the scheme at the end of the year and are included in creditors.

24. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Land and buildings		
Not later than 1 year	321,390	321,390
Later than 1 year and not later than 5 years	918,153	1,218,360
Later than 5 years	-	21,182
	1,239,543	1,560,932
	1,239,543	1,560,932
 Other		
Not later than 1 year	111,003	128,366
Later than 1 year and not later than 5 years	151,567	201,968
	262,570	330,334
	262,570	330,334

DISTINCTION DOORS LIMITED

Notes to the financial statements For the Year Ended 31 December 2016

25. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through other comprehensive income	-	701,332
Financial assets that are debt instruments measured at amortised cost	14,630,585	11,099,548
	<u>14,630,585</u>	<u>11,800,880</u>
Financial liabilities		
Financial liabilities measured at fair value through other comprehensive income	(62,860)	-
Financial liabilities measured at amortised cost	(11,046,265)	(8,445,774)
	<u>(11,109,125)</u>	<u>(8,445,774)</u>

Financial assets measured at fair value through other comprehensive income comprise derivative financial instruments in the form of forward contracts designated as hedges of variable exchange rate.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at fair value through other comprehensive income comprise derivative financial instruments in the form of forward contracts designated as hedges of variable exchange rate

Financial liabilities measured at amortised cost comprise bank loans and trade creditors.

26. Related party transactions

The company has taken advantage of the exemption in section 33.1A of FRS 102 from disclosing transactions entered into between two or more members of the group as all subsidiaries are wholly owned.

The company has taken advantage of the exemption under FRS 102 section 1.12 Reduced Disclosures For Subsidiaries from disclosing key management personnel compensation in total.

During the year the company paid sponsorship to the nephew of a director totalling £10,000 (2015 - £9,166).

Directors' loans

Included within other debtors due within one year is a loan to a director, amounting to £9,893 (2015 - £11,000). Amounts repaid during the year totalled £1,107. The highest outstanding balance during the year was £11,000. No interest was charged on the loan.

Included within other debtors due within one year is a loan to a director, amounting to £19,187 (2015 - £20,387). Amounts repaid during the year totalled £1,200. The highest outstanding balance during the year was £20,387. No interest was charged on the loan.

27. Controlling party

The parent company is Distinction Doors Holdings Limited. The ultimate parent company is Distinction Group Limited. The ultimate controlling party is A J Fowlds.