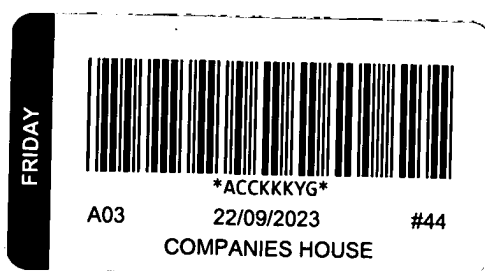

KDM SHOPFITTING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



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 Scotland 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

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 33

KDM SHOPFITTING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

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. This stability has allowed KDM to invest in a Business Development team to identify potential clients and alternative work streams since 2021. The Company also continues to deliver bespoke projects for selected clients when the appropriate opportunities arise. Our income streams throughout 2022 were predominantly generated within the UK, however in early 2023 we have engaged with a leading retailer delivering various work streams in the Republic of Ireland. To accommodate the changing environment in the EU and the UK leaving the EU the Company incorporated a Dutch subsidiary in 2019 and more recently a Republic of Ireland entity in 2022 to reduce risk of project delivery in the EU post Brexit. Our substantial growth in 2021 and stabilisation in 2022 has also allowed KDM to look to expand the Company's direct offerings which resulted in the Company acquiring a majority shareholding in KDM Gunning Electrical Limited which now delivers to a leading UK retailer.

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 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. We are confident we have put appropriate measures in place to ensure we can continue to deliver in the region utilising our Dutch and Republic of Ireland subsidiaries.

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 has developed and initiated an environmental strategic plan to meet net zero by the year 2030. This includes undertaking 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 2022**

Financial key performance indicators

	2022 £	2021 £
Turnover	£30.86m	£99.34m
Gross Profit %	25.8%	19.6%
EBIT	£3.30m	£15.26m
Net assets	£10.77m	£9.67m

Financial review

Revenues in the year totalled £30.86 million, a decrease of 69% on the previous year. This decrease was primarily caused by an decrease in turnover with our larger customers. The decrease in turnover led to gross profit decreasing by £11.49 million with the margin increasing from 19.6% to 25.8%.

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

DocuSigned by:

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Mr M Jones
Director

Date: 30 June 2023

KDM SHOPFITTING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

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 £2,571,352 (2021 - £12,330,943).

An interim dividend of £300,000 (2021 - £5,200,000) was paid and a final dividend of £1,305,000 (2021 - £2,000,000) 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 2022 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 2022**

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.

DocuSigned by:

78ADEB76BDC94FA...

Mr M Jones
Director

Date: 30 June 2023

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 2022, 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 2022 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 partner 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 and experience;
- 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 the 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: 3 July 2023

KDM SHOPFITTING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	30,863,931	99,343,089
Cost of sales		<u>(22,907,597)</u>	<u>(79,899,548)</u>
Gross profit		7,956,334	19,443,541
Administrative expenses		(4,657,488)	(4,186,031)
Other operating income	5	-	4,718
Operating profit	6	3,298,846	15,262,228
Interest payable	9	(67,706)	(21,954)
Profit before tax		3,231,140	15,240,274
Tax on profit	10	(659,788)	(2,909,331)
Profit for the financial year		<u>2,571,352</u>	<u>12,330,943</u>


The notes on pages 13 to 33 form part of these financial statements.

KDM SHOPFITTING LIMITED
REGISTERED NUMBER: SC202669

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	2,367,063	1,941,134
Investments	12	68,781	68,780
		<u>2,435,844</u>	<u>2,009,914</u>
Current assets			
Stocks	13	158,492	172,622
Debtors: amounts falling due within one year	14	8,581,824	18,042,911
Cash at bank and in hand	15	8,917,493	12,311,003
		<u>17,657,809</u>	<u>30,526,536</u>
Creditors: amounts falling due within one year	16	(9,007,245)	(22,185,539)
Net current assets		<u>8,650,564</u>	<u>8,340,997</u>
Total assets less current liabilities		<u>11,086,408</u>	<u>10,350,911</u>
Creditors: amounts falling due after more than one year	17	(164,423)	(618,448)
Provisions for liabilities			
Deferred tax	20	(151,819)	(58,799)
Net assets		<u>10,770,166</u>	<u>9,673,664</u>
Capital and reserves			
Called up share capital	21	100,000	95,000
Share premium account	22	185,150	60,000
Revaluation reserve	22	45,052	45,052
Capital redemption reserve	22	135,001	135,001
Profit and loss account	22	10,304,963	9,338,611
		<u>10,770,166</u>	<u>9,673,664</u>

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

DocuSigned by:

 Mr M Jones
 Director

Date: 30 June 2023

The notes on pages 13 to 33 form part of these financial statements.

KDM SHOPFITTING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	95,000	60,000	135,001	45,052	9,338,611	9,673,664
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,571,352	2,571,352
Total comprehensive income for the year	-	-	-	-	2,571,352	2,571,352
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(1,605,000)	(1,605,000)
Shares issued during the year	5,000	125,150	-	-	-	130,150
Total transactions with owners	5,000	125,150	-	-	(1,605,000)	(1,474,850)
At 31 December 2022	100,000	185,150	135,001	45,052	10,304,963	10,770,166

The notes on pages 13 to 33 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
Total comprehensive income for the year	-	-	-	-	12,330,943	12,330,943
Contributions by and distributions to owners						
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 33 form part of these financial statements.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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, Fife, Scotland, 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 2022 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 2022**

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 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.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Operating leases

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

2.8 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.

2.9 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.

2.10 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.

2.11 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.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.14 Tangible fixed assets (continued)**

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, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 25% straight line
Office equipment	- 10% - 50% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

During the year, useful lives were reassessed and depreciation rates updated to better reflect the usage of assets within the Company. The impact of the change in rates on the accounts is not material.

2.15 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.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 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.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

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.

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 2022**

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.

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.

4. Turnover

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

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	30,863,931	98,456,446
Rest of Europe	-	886,643
	<u>30,863,931</u>	<u>99,343,089</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	4,718
	<u>-</u>	<u>4,718</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the financial statements	23,000	22,500
Exchange differences	(35,187)	12,283
Operating lease charges	140,474	97,870
Tangible fixed assets - depreciation	<u>291,377</u>	<u>155,536</u>

7. Employees

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

	2022 £	2021 £
Wages and salaries	4,217,209	4,212,451
Social security costs	521,365	495,652
Cost of defined contribution scheme	216,513	366,414
	<u>4,955,087</u>	<u>5,074,517</u>

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

	2022 No.	2021 No.
Production Staff	72	73
Directors	2	2
	<u>74</u>	<u>75</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	627,415	535,435
Company contributions to defined contribution pension schemes	80,000	48,000
	<u>707,415</u>	<u>583,435</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £441,461 (2021 - £266,568).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2021 - £30,000).

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	14,999	16,766
Loans from group undertakings	16,729	-
Finance leases and hire purchase contracts	5,717	5,188
Other interest payable	30,261	-
	<u>67,706</u>	<u>21,954</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	566,768	2,909,768
Adjustments in respect of previous periods	-	(39,173)
Total current tax	<u>566,768</u>	<u>2,870,595</u>
Deferred tax		
Origination and reversal of timing differences	93,020	32,400
Changes to tax rates	-	6,336
Total deferred tax	<u>93,020</u>	<u>38,736</u>
Taxation on profit on ordinary activities	<u><u>659,788</u></u>	<u><u>2,909,331</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>3,231,140</u>	<u>15,240,274</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	613,917	2,895,652
Effects of:		
Expenses not deductible for tax purposes	28,795	10,899
Adjustments to tax charge in respect of prior periods	-	(39,173)
Fixed asset differences	(5,249)	(7,445)
Group relief	-	(1,365)
Remeasurement of deferred tax for changes in tax rates	22,325	14,112
Movement in deferred tax not recognised	-	36,651
Total tax charge for the year	<u><u>659,788</u></u>	<u><u>2,909,331</u></u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	1,567,427	555,134	174,055	336,326	2,632,942
Additions	-	-	108,526	610,891	719,417
Disposals	-	(44,161)	-	(23,919)	(68,080)
At 31 December 2022	<u>1,567,427</u>	<u>510,973</u>	<u>282,581</u>	<u>923,298</u>	<u>3,284,279</u>
Depreciation					
At 1 January 2022	252,796	316,091	39,369	83,552	691,808
Charge for the year on owned assets	26,334	59,066	11,327	117,581	214,308
Charge for the year on financed assets	846	32,709	43,514	-	77,069
Disposals	-	(43,457)	-	(22,512)	(65,969)
At 31 December 2022	<u>279,976</u>	<u>364,409</u>	<u>94,210</u>	<u>178,621</u>	<u>917,216</u>
Net book value					
At 31 December 2022	<u>1,287,451</u>	<u>146,564</u>	<u>188,371</u>	<u>744,677</u>	<u>2,367,063</u>
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>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Tangible fixed assets (continued)

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

	2022	2021
	£	£
Freehold property	38,300	39,146
Plant and machinery	96,125	128,834
Motor vehicles	91,172	134,686
	<u>225,597</u>	<u>302,666</u>

If the land, with a value of £85,000 (2021 - £85,000) had not been included at valuation they would have been included under the historical cost convention as follows:

	2022	2021
	£	£
Cost	30,000	30,000
Accumulated depreciation	-	-
Net book value	<u>30,000</u>	<u>30,000</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2022	68,011	769	68,780
Additions	1	-	1
At 31 December 2022	<u>68,012</u>	<u>769</u>	<u>68,781</u>

Unlisted investments represent a minority shareholding in Dunfermline Athletic Football Club, held at par value which is considered by the directors to reflect its realisable value.

Investments in subsidiaries represent investments in KDM Europe BV, KDM (UK) Limited, KDM Gunning Electrical Limited and KDM Interior Services Ireland 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, Scotland, 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%
KDM Interior Services Ireland Limited	5 Clarinda Park North, Dun Laoghaire, Dublin, Ireland	Ordinary	100%

13. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>158,492</u>	<u>172,622</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Debtors

	2022 £	2021 £
Trade debtors	5,000,500	10,280,875
Amounts owed by group undertakings	318,864	120,478
Other debtors	1,420,825	295,988
Prepayments and accrued income	118,845	105,006
Amounts recoverable on long-term contracts	1,722,790	7,240,564
	<u>8,581,824</u>	<u>18,042,911</u>

15. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>8,917,493</u>	<u>12,311,003</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	55,556	123,505
Trade creditors	1,728,336	2,488,179
Amounts owed to group undertakings	2,321,729	2,000,000
Corporation tax	-	2,484,768
Other taxation and social security	879,097	4,156,816
Obligations under finance lease and hire purchase contracts	66,462	95,632
Other creditors	34,028	306,537
Accruals and deferred income	3,922,037	10,530,102
	<u>9,007,245</u>	<u>22,185,539</u>

The following liabilities were secured:

	2022	2021
	£	£
Bank loans	<u>55,540</u>	<u>123,505</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 2022**

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

	2022 £	2021 £
Bank loans	78,688	466,368
Net obligations under finance leases and hire purchase contracts	85,735	152,080
	<u>164,423</u>	<u>618,448</u>

The following liabilities were secured:

	2022 £	2021 £
Bank loans	<u>78,704</u>	<u>466,368</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:

	2022 £	2021 £
Repayable by instalments	<u>-</u>	<u>204,976</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Bank loans falling due within one year	55,556	123,505
Bank loans falling due between 1-2 years	55,556	84,783
Bank loans falling due between 2-5 years	23,132	176,609
Bank loans falling due after more than 5 years	-	204,976
	<u>134,244</u>	<u>589,873</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 that was repaid during the year.

A fixed rate bank loan of £40k with an interest rate of 3.82% and a maturity date of 2022 that was repaid during the year.

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:

	2022 £	2021 £
Within one year	66,462	95,632
Between 1-5 years	85,735	152,080
	<u>152,197</u>	<u>247,712</u>

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Deferred taxation

	2022 £	2021 £
At beginning of year	58,799	20,063
Charged to profit or loss	93,020	38,736
At end of year	151,819	58,799

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	143,662	113,388
Short-term timing differences	(3,106)	(65,852)
Capital gains	11,263	11,263
	151,819	58,799

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
90,000 (2021 - 90,000) Ordinary A shares of £1.00 each	90,000	90,000
5,000 (2021 - 5,000) Ordinary B shares of £1.00 each	5,000	5,000
5,000 (2021 - nil) Ordinary C shares of £1.00 each	5,000	-
	100,000	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 and Ordinary C shares have dividend rights as a class of share and to participate in capital distributions but have no rights to vote.

During the year 5,000 Ordinary C shares with a nominal value of £5,000 were issued for a consideration of £130,150.

KDM SHOPFITTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

Capital redemption reserve

The 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 £216,153 (2021 - £366,414). Contributions totalling £22,375 (2021 - £271,243) 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 2022**

24. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Other operating leases		
Not later than 1 year	35,552	33,104
Later than 1 year and not later than 5 years	41,352	20,337
	<u>76,904</u>	<u>53,441</u>
	2022 £	2021 £
Land and buildings		
Not later than 1 year	122,700	159,975
Later than 1 year and not later than 5 years	68,146	167,006
	<u>190,846</u>	<u>326,981</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 extended by related parties - £1,000,000 (2021 - loans repaid by related parties £380,000); dividends declared to related parties - £1,305,000 (2021 - £7,200,000); dividends paid to related parties - £2,000,000 (2021 - £5,200,000); interest charged on loan by related parties £16,729 (2021 - £nil). At the year end amounts due to these related parties totalled £2,321,729 (2021 - £2,000,000). Outstanding balances are unsecured, repayable on demand and interest is charged at rate of 1% per annum.

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 - £nil (2021 - £886,643); purchases of services from related parties - £13,563 (2021 - £4,384); loans extended to related parties - £198,386 (2021 - £13,635). At the year end amounts due from these related parties totalled £318,864 (2021 - £1,002,737). 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 (2021 - £11,400). At the year end amounts due to these related parties totalled £nil (2021 - £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 2022**

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, Scotland, 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.