

Company Registration No. 04542796 (England and Wales)

**COOL DESIGNS LIMITED**  
**ANNUAL REPORT AND ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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# COOL DESIGNS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr D Birkett
<b>Secretary</b>	Mrs J L D Birkett
<b>Company number</b>	04542796
<b>Registered office</b>	Unit 8 North Hylton Enterprise Park Hepworth Road Sunderland SR5 3JT
<b>Auditor</b>	Bennett Verby Limited Chartered Certified Accountants 7 St Petersgate Stockport Cheshire SK1 1EB
<b>Bankers</b>	Barclays Bank plc Fareham Leicester Leicestershire LE87 2BB

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# COOL DESIGNS LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1
Director's report	2 - 3
Independent auditor's report	4 - 6
Abbreviated statement of income and retained earnings	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

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# COOL DESIGNS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The director presents the strategic report for the year ended 31 December 2015.

### **Fair review of the business**

We have continued positively through 2015 showing good growth of turnover. This generally being achieved by sticking to our core principles of responsible growth.

### **Principal risks and uncertainties**

Over 85% of the business is built around the supply of Toshiba Air Conditioning. Whilst this gives us a strength it is also a risk in the event of availability issues. This is currently being addressed by increasing our stock holding to minimise potential risk.

### **Development and performance**

We continue to target an increase in market share with the market leading products of Toshiba Air Conditioning against other manufacturers.

### **Key performance indicators**

Increase in turnover	2015 4.5%	2014 8.9%	2013 33.4%
Gross profit percentage	2015 12.8%	2014 14.3%	2013 14.4%

### **Other information and explanations**

Refer to the auditors report for details of the auditors opinion and the reasons for it.

On behalf of the board



Mr D Birkett

**Director**

23 September 2016

# COOL DESIGNS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2015

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The director presents his annual report and financial statements for the year ended 31 December 2015.

#### Principal activities

The principal activity of the company continued to be that of designing air conditioning systems and supplying air conditioning products.

#### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr D Birkett

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £89,000. The director does not recommend payment of a final dividend.

#### Auditor

Bennett Verby Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies 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 director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of fair review of the business, principal risks and uncertainties, development and performance and key performance indicators.

# **COOL DESIGNS LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr D Birkett

**Director**

23 September 2016

# **COOL DESIGNS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO COOL DESIGNS LIMITED**

### **UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 7 to 22, together with the financial statements of Cool Designs Limited for the year ended 31 December 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the director and auditor**

The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445 (3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

#### **Other information**

On 23 September 2016 we reported, as auditor of Cool Designs Limited, to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 December 2015, and our report was as follows:

We have audited the financial statements of Cool Designs Limited for the year ended 31 December 2015 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 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.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 3, the director is 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.

# **COOL DESIGNS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO COOL DESIGNS LIMITED (CONTINUED)**

### **UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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#### **Scope of the audit of the financial statements**

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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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.

#### **Basis of qualified opinion on financial statements**

With respect to stock having a carrying amount of £972,435 the audit evidence available to us was limited because we did not observe the counting of the physical stock at 31 December 2015, since that date was prior to our appointment as auditor of the company. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate evidence regarding the stock quantities by using other audit procedures.

#### **Qualified opinion on the financial statements**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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; and

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# COOL DESIGNS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO COOL DESIGNS LIMITED (CONTINUED) UNDER SECTION 449 OF THE COMPANIES ACT 2006

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### Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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.

### Other matter

In the previous accounting period the company took advantage of audit exemption under section 477 of the Companies Act 2006 relating to small companies. Therefore the prior period financial statements were not subject to audit.



**Mr Bernard Verby (Senior Statutory Auditor)**

**for and on behalf of Bennett Verby Limited**

**Chartered Certified Accountants**

**Statutory Auditor**

7 St Petersgate

Stockport

Cheshire

SK1 1EB

23 September 2016

# COOL DESIGNS LIMITED

## ABBREVIATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	9,768,755	9,345,609
Other operating income and cost of sales		(8,514,618)	(8,005,380)
Administrative expenses		(1,024,740)	(1,051,479)
<b>Operating profit</b>	<b>4</b>	<b>229,397</b>	<b>288,750</b>
Interest payable and similar charges	8	(34,689)	(44,654)
<b>Profit before taxation</b>		<b>194,708</b>	<b>244,096</b>
Taxation	9	(41,270)	(55,473)
<b>Profit for the financial year</b>		<b>153,438</b>	<b>188,623</b>
Retained earnings at 1 January 2015		269,944	207,321
Dividends	10	(89,000)	(126,000)
Retained earnings at 31 December 2015		334,382	269,944

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# COOL DESIGNS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	11		304,439		278,295
<b>Current assets</b>					
Stocks	13	972,435		630,691	
Debtors	14	3,011,357		2,580,913	
Cash at bank and in hand		100,180		16,141	
		<u>4,083,972</u>		<u>3,227,745</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,948,045)</u>		<u>(3,164,393)</u>	
<b>Net current assets</b>			135,927		63,352
<b>Total assets less current liabilities</b>			<u>440,366</u>		<u>341,647</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(98,152)		(53,815)
<b>Provisions for liabilities</b>	20		(7,732)		(17,788)
<b>Net assets</b>			<u>334,482</u>		<u>270,044</u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss reserves			334,382		269,944
<b>Total equity</b>			<u>334,482</u>		<u>270,044</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved and signed by the director and authorised for issue on 23 September 2016

  
Mr D Birkett  
Director

Company Registration No. 04542796

# COOL DESIGNS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	901,133		148,574	
Interest paid		(34,689)		(44,654)	
Income taxes paid		(48,147)		(23,124)	
<b>Net cash inflow from operating activities</b>		<u>818,297</u>		<u>80,796</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(120,839)		(135,996)	
Proceeds on disposal of tangible fixed assets		22,048		833	
Proceeds from other investments and loans		(6,342)		-	
<b>Net cash used in investing activities</b>		<u>(105,133)</u>		<u>(135,163)</u>	
<b>Financing activities</b>					
Repayment of borrowings		(580,456)		278,073	
Payment of finance leases obligations		40,331		49,540	
Dividends paid		(89,000)		(126,000)	
<b>Net cash (used in)/generated from financing activities</b>		<u>(629,125)</u>		<u>201,613</u>	
<b>Net increase in cash and cash equivalents</b>		<u>84,039</u>		<u>147,246</u>	
Cash and cash equivalents at beginning of year		16,141		(131,105)	
<b>Cash and cash equivalents at end of year</b>		<u><u>100,180</u></u>		<u><u>16,141</u></u>	

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

##### Company information

Cool Designs Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit 8, North Hylton Enterprise Park, Hepworth Road, Sunderland, SR5 3JT.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

These financial statements for the year ended 31 December 2015 are the first financial statements of Cool Designs Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

##### 1.4 Tangible fixed assets

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

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

Property improvements	10% reducing balance
Computer equipment	3 years straight line
Office equipment	15% reducing balance
Motor vehicles	25% reducing balance

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

(Continued)

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

##### 1.5 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.6 Stocks

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

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.7 Cash and cash equivalents

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

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

(Continued)

##### 1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

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

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

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

### 1.10 Taxation

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

#### **Current tax**

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



# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 Accounting policies (Continued)

#### Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

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

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

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

#### 1.12 Leases

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

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

#### 1.13 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 are included in the profit and loss account for the period.

#### 1.14 Factored debtors

Some of the sales invoices are factored. These invoices are included in trade debtors until the related monies are received by the factoring company from the customer. The amount due to the factoring company is included in other creditors.

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2015 £	2014 £
Total turnover	9,768,755	9,345,609

### 4 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(880)	623
Depreciation of owned tangible fixed assets	31,645	30,069
Depreciation of tangible fixed assets held under finance leases	36,731	12,195
Loss on disposal of tangible fixed assets	4,271	6,193
Cost of stocks recognised as an expense	8,447,864	7,933,986

### 5 Auditor's remuneration

	2015 £	2014 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the company's financial statements	7,000	-
<b>For other services</b>		
Taxation compliance services	1,095	545
All other non-audit services	5,562	6,686
	6,657	7,231

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Administrative	14	12
Sales	4	4
	<u>18</u>	<u>16</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	463,947	508,476
Social security costs	61,437	61,561
	<u>525,384</u>	<u>570,037</u>

### 7 Director's remuneration

	2015 £	2014 £
Remuneration for qualifying services	<u>10,000</u>	<u>10,000</u>

### 8 Interest payable and similar charges

	2015 £	2014 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	27,781	41,453
Interest on finance leases and hire purchase contracts	6,908	3,201
	<u>34,689</u>	<u>44,654</u>

### 9 Taxation

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	49,777	46,598
Adjustments in respect of prior periods	1,549	-
	<u>51,326</u>	<u>46,598</u>

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 9 Taxation (Continued)

#### Deferred tax

Origination and reversal of timing differences	(10,056)	8,875
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Total tax charge	41,270	55,473
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The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2015 £	2014 £
Profit before taxation	194,708	244,096
Expected tax charge based on the standard rate of corporation tax in the UK of 20.12% (2014: 20.66%)	39,175	50,430
Tax effect of expenses that are not deductible in determining taxable profit	7,048	4,050
Change in unrecognised deferred tax assets	(10,056)	8,875
Adjustments in respect of prior years	1,549	(1,538)
Permanent capital allowances in excess of depreciation	3,554	(6,344)
Tax expense for the year	41,270	55,473

### 10 Dividends

	2015 £	2014 £
Interim paid	89,000	126,000

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 11 Tangible fixed assets

	Property improvements £	Computer equipment £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2015	150,084	77,817	99,043	145,606	472,550
Additions	-	7,162	17,594	96,083	120,839
Disposals	-	-	-	(75,007)	(75,007)
At 31 December 2015	150,084	84,979	116,637	166,682	518,382
<b>Depreciation and impairment</b>					
At 1 January 2015	37,327	54,092	51,422	51,414	194,255
Depreciation charged in the year	11,297	12,452	8,327	36,300	68,376
Eliminated in respect of disposals	-	-	-	(48,688)	(48,688)
At 31 December 2015	48,624	66,544	59,749	39,026	213,943
<b>Carrying amount</b>					
At 31 December 2015	101,460	18,435	56,888	127,656	304,439
At 31 December 2014	112,757	23,725	47,621	94,192	278,295

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2015 £	2014 £
Office equipment	10,690	-
Motor vehicles	127,013	93,335
	137,703	93,335
Depreciation charge for the year in respect of leased assets	36,731	12,195

### 12 Financial instruments

	2015 £	2014 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,997,773	2,570,971
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	3,957,873	3,102,975

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 13 Stocks

	2015 £	2014 £
Finished goods and goods for resale	972,435	630,691

### 14 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	2,837,511	2,492,431
Amounts due from fellow group undertakings	135,809	76,464
Other debtors	24,453	2,076
Prepayments and accrued income	13,584	9,942
	3,011,357	2,580,913

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

	Notes	2015 £	2014 £
Obligations under finance leases	18	30,483	34,489
Other borrowings	17	900,656	1,481,112
Trade creditors		2,920,882	1,533,485
Corporation tax		49,777	46,598
Other taxation and social security		38,547	68,635
Other creditors		-	74
Accruals and deferred income		7,700	-
		3,948,045	3,164,393

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

	Notes	2015 £	2014 £
Obligations under finance leases	18	98,152	53,815

### 17 Loans and overdrafts

	2015 £	2014 £
Other loans	900,656	1,481,112
Payable within one year	900,656	1,481,112

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 17 Loans and overdrafts

(Continued)

The factoring creditor of £900,656 (2014 £1,481,112) is secured by a fixed and floating charge over all assets of the company. Obligations under finance leases totalling £128,635 (2014 £88,304) are secured on the related assets.

### 18 Finance lease obligations

	2015 £	2014 £
Future minimum lease payments due under finance leases:		
Within one year	30,483	34,489
In two to five years	98,152	53,815
	<u>128,635</u>	<u>88,304</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Provisions for liabilities

	2015 £	2014 £
Deferred tax liabilities	7,732	17,788
	<u>7,732</u>	<u>17,788</u>

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2015 £	Liabilities 2014 £
Balances:		
ACAs	<u>7,732</u>	<u>17,788</u>

# COOL DESIGNS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 20 Deferred taxation (Continued)

	<b>2015</b>
<b>Movements in the year:</b>	<b>£</b>
Liability at 1 January 2015	17,788
Credit to profit or loss	(10,056)
Liability at 31 December 2015	<u>7,732</u>

### 21 Share capital

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

The company has one class of ordinary shares which carry no right to fixed income. These shares have full voting rights.

### 22 Related party transactions

#### Transactions with related parties

The company is related to Cool Designs (Midlands) Limited as the companies are under common control. At the year end date Cool Designs Limited was owed £135,809 (2014: £76,464) by Cool Designs (Midlands) Limited.

During the year commissions of £460,963 (2014: £293,205) were payable to Cool Designs (Midlands) Limited.

### 23 Directors' transactions

The company occupies premises owned by D Birkett, director, for which rent of £43,550 (2014: £43,550) was paid during the year.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr D Birkett - Loan	-	-	6,342	-	-	6,342
		<u>-</u>	<u>6,342</u>	<u>-</u>	<u>-</u>	<u>6,342</u>



## COOL DESIGNS LIMITED

### NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 24 Controlling party

The company is controlled by Cool Designs Holdings Limited, which owns 100% of the issued share capital of the company.

#### 25 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	153,438	188,623
<b>Adjustments for:</b>		
Taxation charged	41,270	55,473
Finance costs	34,689	44,654
Loss on disposal of tangible fixed assets	4,271	6,193
Depreciation and impairment of tangible fixed assets	68,376	42,264
<b>Movements in working capital:</b>		
(Increase) in stocks	(341,744)	(179,658)
(Increase) in debtors	(424,102)	(161,286)
Increase in creditors	1,364,935	152,311
<b>Cash generated from operations</b>	<u>901,133</u>	<u>148,574</u>