

Company Registration No. 05298340 (England and Wales)

DISTINCTION DOORS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

DISTINCTION DOORS LIMITED

COMPANY INFORMATION

Directors	A J Fowlds D M Walker C Roach H Lovack S Massey O D Jones	(Appointed 1 November 2021) (Appointed 9 February 2022)
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Company number	05298340
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Registered office	36 Wentworth Industrial Estate Wentworth Way Tannersley Barnsley S75 3DH
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Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
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DISTINCTION DOORS LIMITED

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DISTINCTION DOORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Strategic Management

The company continually strives to be a pioneer in the external door market. It sources and supplies high quality innovative products to its customers based on their bespoke needs, assisting them through the product life cycle by delivering technical and marketing expertise and support.

The company provides an environment which allows engaged employees to share the company values so they can flourish and develop to their full potential. Objectives are constantly reviewed to ensure a thriving and sustainable business for the future.

The workforce is the company's most valuable asset and are supported with employee training and development at all levels. In 2021 the Investors in People accreditation was retained, and employee numbers were increased.

Business Environment

The ongoing COVID pandemic continued to have a large impact on the UK economy which had a direct impact on the UK fenestration industry. Across 2021 there was an unprecedented rise in global shipping costs in the main due to three key drivers: COVID limitations in the supply chain, increased consumer demand and the Suez Canal shipping crisis.

The Suez crisis had a double impact that put a large constraint on the availability of key components to businesses across the UK Economy and in turn the fenestration industry. The wider impact of the shipping delays remains an ongoing problem even with current trade. The secondary impact was an immediate spike in container shipping prices, due to lack of supply, which again remains a challenge in the current trading environment.

To mitigate the ongoing supply chain delays the business has maintained a higher stock level than usual to ensure that trade can continue with minimal impact.

The other main key underlying risk remains sterling exchange volatility. To protect against sterling volatility, a robust currency hedging policy is in place to minimise the impact of currency fluctuations.

Business Performance

The continued impact of the COVID pandemic combined with the Suez Canal crisis has resulted in yet another disrupted year for all businesses. The availability of staff and stock have both put large constraints on the businesses ability to trade freely.

Even with the remaining challenges 2021 was at least a step towards normality when compared with 2020, with the business able to trade during the ongoing lockdowns through the year.

When compared against the last uninterrupted trading year, 2019. Sales of £42.1m were achieved vs £37.9m sales in 2019, a growth of 11%.

The business also saw a return to profitability in line with the board's expectations. Gross Profit of 25.9% exceeded the budgeted target of 23% due to ongoing growth of the manufacturing offering.

DISTINCTION DOORS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Outlook

The company has adapted well to the new challenges arising from the COVID pandemic and continues to harness its strengths and capabilities towards achieving targeted development of both new and existing product lines. The experienced, talented, and engaged workforce is in a strong position to steer the business through the current uncertainty.

The company has considerable financial resources together with long term contracts with key suppliers. Consequently, the directors believe it is well placed to manage its business risk successfully despite the ongoing uncertainty and rapidly emerging inflationary pressures.

The directors have considered the impact of COVID-19 & inflationary pressures on the company's trade, workforce, and supply chain as well as the wider economy.

Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the directors are confident that they have in place plans to limit any impact on business performance, as reflected in 2021 performance in an uncertain business environment.

The directors have undertaken a comprehensive review of the 2022 forecasts including cashflows and are confident, even with conservative estimates, that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DISTINCTION DOORS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

S172 statement

Engaging with stakeholders

The success of our business is dependent on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

Shareholders

We maintain an open dialogue with our shareholders through periodic board meetings and quarterly shareholder meetings. Our shareholders are integral to the success of the business and play a key role in our decision-making process, financial performance, and strategic outlook.

Employees

Distinction maintains a continual open dialogue with all employees on both performance and wider outlook. Managers are provided periodic KPI packs with performance analysis of all areas of the business allowing for open dialogue on the company H&S audits, business financial performance, supplier and customer relationships and operational performance.

Quarterly, a full employee brief is run that provides a top line overview to every employee of the key results reviewed in the periodic KPI's. Our drive is to maintain an open culture where all employees have a direct dialogue with senior management as we strive to grow the business in our pursuit of perfection.

Customers

Our pursuit of perfection is to delight our customers. We strive to deliver the best product and service to the market. Our customer base is key to the success of our business, as such we invest a large amount of time working with customers to understand their needs and emerging market changes. From order to after-sales care, we provide our customers a dedicated 1-2-1 contact in customer service, a dedicated external sales contact, access to marketing and brochure support and technical representatives to assist with their staff training on our product.

Suppliers

We continue to build strong working relationships with our suppliers to develop long lasting partnerships. Supplier relationships run throughout the business assisted by our procurement team. From the board down our main supplier KPI is to continue to develop and support long-term supplier relationships. Supported through our periodic reviews with key accounts and more informally with open dialogue on a day-to-day basis.

Communities

We are proud to be part of the Barnsley and wider South Yorkshire community. We engage with the local communities on several fronts and aim to give something back to the local communities we work in. We partner with a local charity each year to help raise awareness and funds and organise several fund-raising events throughout the year which are keenly supported by employees.

We maintain a strong working relationship with Barnsley College with our ongoing apprenticeships and Sheffield Hallam University with our undergraduate placement scheme.

On behalf of the board

A J Fowlds
Director

4 April 2022

DISTINCTION DOORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company continued to be the distribution of composite doors.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £85,714. The directors do not recommend payment of a further dividend.

Directors

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

A J Fowlds	
D M Walker	
C Roach	
G Williams	(Resigned 31 January 2021)
H Lovack	
S Massey	(Appointed 1 November 2021)
O D Jones	(Appointed 9 February 2022)

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy consumption	kWh	kWh
Aggregate of energy consumption in the year		
- Gas combustion	343,214	
- Fuel consumed for transport	1,797,644	
- Electricity purchased	1,016	
	<hr/>	2,141,874
		<hr/>
Emissions of CO2 equivalent	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	49.10	
- Fuel consumed for owned transport	24.40	
	<hr/>	73.50
Scope 2 - indirect emissions		
- Electricity purchased		374.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		0.20
		<hr/>
Total gross emissions		447.70
		<hr/>
Intensity ratio		
Tones of CO2e per employee		2.23
		<hr/>

DISTINCTION DOORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

In 2021 Distinction Doors made improvements that resulted in energy and carbon reduction.

Investments were made in the following areas:

Installing energy efficient heating in offices.

Replacing old lighting with energy efficient versions with the ability to work on a timer.

Improving the automation of the extraction system to vary the energy consumed.

Our workplace transport fleet is in the process of converting to electric.

Our company car fleet is converting to hybrid / electric.

Ongoing continuous Improvement programs were made in the following areas.

Process changes resulted in decreased energy consumption in our paint drying process.

Improving our maintenance regimes to improve machine uptimes resulting in less weekend working

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

A J Fowlds
Director

4 April 2022

DISTINCTION DOORS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DISTINCTION DOORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DISTINCTION DOORS LIMITED

Opinion

We have audited the financial statements of Distinction Doors Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

DISTINCTION DOORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DISTINCTION DOORS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

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 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, 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.

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.

Through discussion with management and inspection of documentation, we have gained an understanding of the specific laws and regulations which govern Distinction Doors Limited. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A review of expenditure has taken place to ensure that this does not display any evidence of legal proceedings against the company which have not otherwise been disclosed to the auditor. No issues have come to light through our testing in this area.

We have also addressed the risk of management override of internal controls, including journals testing and a review of the nominal ledger. We were able to assess whether there was any evidence of management bias in the financial statements which may represent a risk of material misstatement due to fraud.

DISTINCTION DOORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DISTINCTION DOORS LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Lisa Leighton (Senior Statutory Auditor)
For and on behalf of BHP LLP

5 April 2022

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

DISTINCTION DOORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	42,111,605	31,142,655
Cost of sales		(32,309,781)	(27,513,847)
Gross profit		9,801,824	3,628,808
Administrative expenses		(6,169,145)	(4,633,516)
Other operating income		11,808	509,510
Intercompany balance transfer	4	(1,336,296)	-
Operating profit/(loss)	5	2,308,191	(495,198)
Interest receivable and similar income	8	-	813
Interest payable and similar expenses	9	(142,650)	(147,633)
Profit/(loss) before taxation		2,165,541	(642,018)
Tax on profit/(loss)	10	(474,612)	161,581
Profit/(loss) for the financial year		1,690,929	(480,437)
Other comprehensive income			
Fair value adjustments reclassified to profit or loss		1,083,599	(390,518)
Tax relating to other comprehensive income		(212,413)	66,387
Total comprehensive income for the year		2,562,115	(804,568)

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

DISTINCTION DOORS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	975,641		996,828	
Investments	13	1		1	
		<u>975,642</u>		<u>996,829</u>	
Current assets					
Stocks	16	10,601,712	4,428,045		
Debtors	17	16,490,932	18,482,247		
Cash at bank and in hand		510,488	395,354		
		<u>27,603,132</u>	<u>23,305,646</u>		
Creditors: amounts falling due within one year	18	<u>(14,688,206)</u>	<u>(12,871,309)</u>		
Net current assets		<u>12,914,926</u>		<u>10,434,337</u>	
Total assets less current liabilities		<u>13,890,568</u>		<u>11,431,166</u>	
Creditors: amounts falling due after more than one year	19	(132,525)	(252,524)		
Provisions for liabilities					
Deferred tax liability	23	165,000	62,000		
		<u>(165,000)</u>	<u>(62,000)</u>		
Net assets		<u>13,593,043</u>		<u>11,116,642</u>	
Capital and reserves					
Called up share capital	26	150,000	150,000		
Revaluation reserve		263,759	(607,427)		
Profit and loss reserves		13,179,284	11,574,069		
Total equity		<u>13,593,043</u>	<u>11,116,642</u>		

The financial statements were approved by the board of directors and authorised for issue on 4 April 2022 and are signed on its behalf by:

A J Fowlds
Director

Company Registration No. 05298340

DISTINCTION DOORS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		150,000	(283,296)	12,634,506	12,501,210
Year ended 31 December 2020:					
Loss for the year		-	-	(480,437)	(480,437)
Other comprehensive income:					
Fair value adjustments reclassified to profit or loss		-	(390,518)	-	(390,518)
Tax relating to other comprehensive income		-	66,387	-	66,387
Total comprehensive income for the year		-	(324,131)	(480,437)	(804,568)
Dividends	11	-	-	(580,000)	(580,000)
Balance at 31 December 2020		150,000	(607,427)	11,574,069	11,116,642
Year ended 31 December 2021:					
Profit for the year		-	-	1,690,929	1,690,929
Other comprehensive income:					
Fair value adjustments reclassified to profit or loss		-	1,083,599	-	1,083,599
Tax relating to other comprehensive income		-	(212,413)	-	(212,413)
Total comprehensive income for the year		-	871,186	1,690,929	2,562,115
Dividends	11	-	-	(85,714)	(85,714)
Balance at 31 December 2021		150,000	263,759	13,179,284	13,593,043

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Distinction Doors Limited is a private company limited by shares incorporated in England and Wales. The registered office is 36 Wentworth Industrial Estate, Wentworth Way, Tankersley, Barnsley, S75 3DH.

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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures paragraph 33.7.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Distinction Doors Limited is a wholly owned subsidiary of Distinction Group Limited and the results of Distinction Doors Limited are included in the consolidated financial statements of Distinction Group Limited which are available from 36 Wentworth Industrial Estate, Wentworth Way, Tankersley, Barnsley, S75 3 DH.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue 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.

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.

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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:

Land and buildings Leasehold	20% straight line
Plant and machinery	20 to 33.3% straight line
Fixtures, fittings & equipment	20 to 33.3% straight line
Computer equipment	20 to 33.3% straight line
Motor vehicles	33% straight line

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 Fixed asset investments

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

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

1.6 Impairment of fixed assets

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

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.

1.7 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.

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

1.8 Cash at bank and in hand

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.

1.9 Financial instruments

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

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

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

Basic financial assets

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

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 publicly 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.

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

Basic financial liabilities

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

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

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

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.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 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.

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

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

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

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

1.15 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.

Grants received in relation to the government's Coronavirus Job Retention Scheme have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Foreign exchange

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

During the year there was a change in accounting policy. Exchange gains or losses are now recognised within cost of sales rather than administrative expenses. This change has also been reflected in the prior year figures.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of goods	42,111,605	31,142,655
	=====	=====
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	40,041,611	29,680,941
Rest Of Europe	2,069,994	1,461,714
	=====	=====
	42,111,605	31,142,655
	=====	=====
	2021	2020
	£	£
Other significant revenue		
Interest income	-	813
Grants received	11,808	509,510
	=====	=====

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Exceptional item

	2021	2020
	£	£
Expenditure		
Intercompany balance transfer	1,336,296	-
	<u> </u>	<u> </u>

5 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	896,586	(299,722)
Government grants	(11,808)	(509,510)
Fees payable to the company's auditor for the audit of the company's financial statements	24,650	15,850
Depreciation of owned tangible fixed assets	50,715	181,564
Depreciation of tangible fixed assets held under finance leases	380,370	286,680
Profit on disposal of tangible fixed assets	(5,159)	-
Operating lease charges	708,664	486,691
	<u> </u>	<u> </u>

6 Employees

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

	2021	2020
	Number	Number
Administration and Sales	58	59
Production	122	101
	<u> </u>	<u> </u>
Total	180	160
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	5,782,056	4,238,662
Social security costs	475,880	350,727
Pension costs	176,620	173,076
	<u> </u>	<u> </u>
	6,434,556	4,762,465
	<u> </u>	<u> </u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	596,506	510,747
Company pension contributions to defined contribution schemes	20,958	29,378
Compensation for loss of office	-	30,000
	<u>617,464</u>	<u>570,125</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	210,000	104,597
Company pension contributions to defined contribution schemes	1,331	8,828
	<u>211,331</u>	<u>113,425</u>

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	-	813
	<u>-</u>	<u>813</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	125,143	129,867
Interest on finance leases and hire purchase contracts	17,507	17,766
	<u>142,650</u>	<u>147,633</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	497,205	(66,127)
Adjustments in respect of prior periods	(37,593)	(94,454)
	<u>459,612</u>	<u>(160,581)</u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	15,000	(1,000)
	<u> </u>	<u> </u>
Total tax charge/(credit)	474,612	(161,581)
	<u> </u>	<u> </u>

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit/(loss) before taxation	2,165,541	(642,018)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	411,453	(121,983)
Tax effect of expenses that are not deductible in determining taxable profit	233,349	4,785
Tax effect of income not taxable in determining taxable profit	-	(126)
Tax effect of utilisation of tax losses not previously recognised	-	96,949
Adjustments in respect of prior years	(37,593)	(94,454)
Permanent capital allowances in excess of depreciation	(16,169)	-
Other permanent differences	(1,460)	-
Deferred tax not recognised	(148,115)	(54,192)
Change in deferred tax rates	33,147	7,440
	<u> </u>	<u> </u>
Taxation charge/(credit) for the year	474,612	(161,581)
	<u> </u>	<u> </u>

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£	£
Deferred tax arising on:		
Revaluation of investments	212,413	(66,387)
	<u> </u>	<u> </u>

11 Dividends

	2021	2020
	£	£
Final paid	85,714	580,000
	<u> </u>	<u> </u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	162,420	2,310,904	623,561	447,076	17,750	3,561,711
Additions	-	267,567	124,099	33,598	-	425,264
Disposals	-	-	(2,211)	(13,155)	-	(15,366)
At 31 December 2021	162,420	2,578,471	745,449	467,519	17,750	3,971,609
Depreciation and impairment						
At 1 January 2021	157,718	1,439,780	573,509	376,126	17,750	2,564,883
Depreciation charged in the year	3,758	345,636	41,314	40,377	-	431,085
At 31 December 2021	161,476	1,785,416	614,823	416,503	17,750	2,995,968
Carrying amount						
At 31 December 2021	944	793,055	130,626	51,016	-	975,641
At 31 December 2020	4,702	871,124	50,052	70,950	-	996,828

The carrying value of land and buildings comprises:

	2021 £	2020 £
Short leasehold	944	4,702

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

	2021 £	2020 £
Plant and machinery	652,930	633,085
Fixtures, fittings & equipment	-	9,561
	652,930	642,646

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	1	1

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Axis Doors Limited	United Kingdom	Dormant	Ordinary	100.00
Fire Door Systems Limited	United Kingdom	Dormant	Ordinary	100.00

15 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	351,760	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	731,839

16 Stocks

	2021 £	2020 £
Finished goods and goods for resale	10,601,712	4,428,045

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	5,863,535	5,538,303
Corporation tax recoverable	99,472	194,179
Amounts owed by group undertakings	10,055,163	12,484,399
Derivative financial instruments	351,760	-
Other debtors	19,066	53,583
Prepayments and accrued income	101,936	87,370
	16,490,932	18,357,834
Deferred tax asset (note 23)	-	124,413
	16,490,932	18,482,247

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	21	142,444	195,800
Other borrowings	20	5,846,670	5,260,954
Trade creditors		4,448,489	5,512,554
Corporation tax		497,205	33,448
Other taxation and social security		1,375,949	557,392
Derivative financial instruments		-	731,839
Government grants	24	20,000	-
Other creditors		32,924	77,235
Accruals and deferred income		2,324,525	502,087
		<u>14,688,206</u>	<u>12,871,309</u>

Secured Creditors

Creditors falling due within one year on which security has been given by the company include invoice financing creditors of £5,846,670 (2020: £5,260,954). All are secured by a legal charge over the assets of the company dated 8 November 2016.

Obligations under hire purchase contract are secured on the assets to which they relate.

19 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	21	52,525	252,524
Government grants	24	80,000	-
		<u>132,525</u>	<u>252,524</u>

Secured Creditors

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

20 Other borrowings

	2021 £	2020 £
Asset backed lending facility	<u>5,846,670</u>	<u>5,260,954</u>
Payable within one year	<u>5,846,670</u>	<u>5,260,954</u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	142,444	195,800
In two to five years	52,525	252,524
	<u>194,969</u>	<u>448,324</u>

22 Provisions for liabilities

	2021	2020
	£	£
Deferred tax liabilities	165,000	62,000

23 Deferred taxation

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

	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£	£	£	£
Balances:				
Accelerated capital allowances	77,000	62,000	-	-
Deferred tax on forward contracts through OCI	88,000	-	-	124,413
	<u>165,000</u>	<u>62,000</u>	<u>-</u>	<u>124,413</u>
Movements in the year:				2021
				£
Asset at 1 January 2021				(62,413)
Charge to profit or loss				15,000
Effect of change in tax rate - other comprehensive income				212,413
Liability at 31 December 2021				<u>165,000</u>

24 Government grants

	2021	2020
	£	£
Arising from government grants	<u>100,000</u>	<u>-</u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Government grants (Continued)

Deferred income is included in the financial statements as follows:

Current liabilities	20,000	-
Non-current liabilities	80,000	-
	<u>100,000</u>	<u>-</u>

25 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>176,620</u>	<u>173,076</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

26 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

27 Fair value reserve

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

28 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	278,709	222,182
Between two and five years	820,405	747,823
In over five years	345,259	525,394
	<u>1,444,373</u>	<u>1,495,399</u>

DISTINCTION DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	50,869	46,916

30 Events after the reporting date

On 9 February 2022, the beneficial ownership and control of Distinction Doors Limited transferred to Distinction Manufacturing Group Limited.

31 Related party transactions

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

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

32 Directors' transactions

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

Description	% Rate	Opening balance	Amounts repaid	Closing balance
		£	£	£
D M Walker - Director's loan	-	800	(800)	-
G Williams - Director's loan	-	35,000	(35,000)	-
		<u>35,800</u>	<u>(35,800)</u>	<u>-</u>

33 Ultimate controlling party

The parent company is Distinction Doors Holdings Limited. The ultimate parent company is Distinction Manufacturing Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.