

Garador Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 02225871



Garador Limited

Report and financial statements for the year ended 31 December 2019

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Director

N Discombe

Secretary and registered office

M Baxter

Bunford Lane, Yeovil, Somerset, BA20 2EJ

Company number

02225871

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

Lloyds TSB Bank plc, 9 High Street, Yeovil, Somerset, BA20 1RV

Solicitors

Clarke Willmott, Blackbrook Gate, Blackbrook Park Avenue, Taunton, TA1 2PG

Garador Limited

Strategic report for the year ended 31 December 2019

Review of the business

We have experienced a small drop in sales this year through volumes but retained our gross margin despite significant increases in product cost. We work hard to be competitive in a market where products sold by our competition continue to improve. However, we feel Garador's quality product range remains popular among builders' merchants and garage door specialists alike. We have commenced a capital investment program that will continue into 2020, which will allow us to strengthen manufacturing.

The director does not recommend the payment of a dividend.

Principal risks and uncertainties

The market still remains uncertain and we will continue to maximise sales through pricing, support activities and new products.

The majority of the company's raw materials are purchased in Euro's and the effect of exit from the European Union may impact on the company's performances going forward. The necessary steps were taken to limit any negative impact on the Company's performance as best as possible. The Company monitors exchange rates daily and takes advantage of the best rates available when cash flow allows.

Financial risk management

The main financial risks arising from the company's activities are credit, interest rate, price risk and liquidity risks. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to carry out appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board of directors.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed interest rates.

The company is exposed to commodity price risk as a result of its operations. The company enters into annual fixed price agreements to mitigate significant risks in this area. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed equity investments.

The effects of the UK exit from the European Union remain uncertain but the company has taken a number of steps to mitigate the impact on its customers. Inventory has been increased, cash balances have been retained and exposure to movements in the Euro are monitored and acted upon regularly. Support from the Hormann Group remains solid.

Employees

The company's performance depends largely on its managers and local staff. The loss of key individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the company's results. To mitigate these risks, the business has strengthened the management, while seeking to maintain a core employee base that are suitably rewarded and incentivised.

Garador Limited

Strategic report for the year ended 31 December 2019 (*continued*)

Covid-19

The worldwide effect of Covid-19 has significantly impacted our market in 2020 and the outcome for the remainder of 2020 is somewhat uncertain. We are following all Government guidance addressing the health and safety of staff, with significant changes made throughout the operations and business teams.

We are making full use of the Government's Covid-19 job retention scheme (furlough) to support us during an unprecedented economic down-turn so that we remain in good health and ready to continue our business. All short-term measures are balanced against ensuring the long-term health of the business. We are continuing the capital investment plans, although the execution of some will defer into 2021 due to travel restrictions.

For the safety of our staff and customers we have closed our showroom and about half of our staff work from home. We are still receiving orders from customers and continue to ship goods, but at slightly reduced volumes versus normal times. Throughout the crisis we have maintained open channels of communications with our customers.

We have, since March 2020 implemented savings, of £367k, which include the furloughing to date of 42% of the workforce, senior management taking pay cuts and a reduction in discretionary expenditure. The expectation is that we will emerge as a profitable business at the end of 2020.

The company has a strong balance, with significant cash balances. We therefore do not believe that Covid 19 impacts on the going concern status of the company.

Approval

This Strategic Report was approved by order of the Board on 7th August 2020

Neil Discombe

N Discombe
Director

Garador Limited

Director's report for the year ended 31 December 2019

The director presents his report together with the audited financial statements for the year ended 31 December 2019.

Key Performance Indicators

Significant progress continues to be made in the year on the company's overriding objective and the two key elements of strategy for growth. The Board monitors progress on the overall company strategy and the individual strategic elements by reference to two key KPI's. Performance during the year, together with historical trend data is set out in the table below:

	<u>2019</u>	<u>2018</u>	Definition, method of calculation and analysis
Growth in sales (%)	-3.9	2.3	Year on year sales growth expressed as a percentage The directors believe that the sales level is satisfactory, given tough market conditions.
Gross margin (%)	33.4	37.4	Gross profit as a percentage of sales. Reasons for the lower margin were 1) stock provision and 2) carriage on Hörmann invoices changing from Carriage Out (operating expenses) to Freight Inwards (cost of sales).

Director

The director of the company during the year was:

N Discombe

The director does not have any beneficial interest in the shares of the ultimate parent company.

Results and dividends

The statement of Comprehensive Income is set out on page 8 and shows the profit for the year.

Principal activities

The company's principal activity is that of the manufacture and sale of domestic garage doors and accessories. There have been no changes in the company's activities in the year under review.

Disclosure of Information to Auditors

The current director has taken all the steps that ought to be taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

Neil Discombe
Neil Discombe

N Discombe

Director

Date 7th August 2020

Garador Limited

Director's responsibilities statement for the year ended 31 December 2019

The director is responsible for preparing the strategic report, director's 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 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 director is 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 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. The director 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.

Garador Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GARADOR LIMITED

Opinion

We have audited the financial statements of Garador Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 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 of 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director is 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.

Garador Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Director's 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 Director's report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

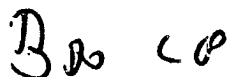
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Garador Limited

Independent auditor's report (*continued*)

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.



*Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom*

Date 28 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Garador Limited

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2,4	24,944,117	25,957,076
Cost of sales		(16,612,326)	(16,240,951)
Gross profit		8,331,791	9,716,125
Distribution costs		(2,108,857)	(2,081,857)
Administrative expenses		(4,966,766)	(4,344,645)
Operating profit	5	1,256,168	3,289,623
Other interest receivable and similar income	8	175,965	146,061
Profit on ordinary activities before taxation		1,432,133	3,435,684
Taxation on profit on ordinary activities	9	(288,193)	(666,774)
Profit for the year		1,143,940	2,768,910
Other comprehensive income		-	-
Total comprehensive income		1,143,940	2,768,910

The notes on pages 11 to 21 form part of these financial statements.

Garador Limited

Statement of Financial Position as at 31 December 2019

Company number 02225871	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	10		6,468,226		6,383,423
Current assets					
Stocks	11	3,904,658		3,029,540	
Debtors	12	8,169,628		6,825,512	
Cash and cash equivalents		14,785,276		15,906,943	
		<u>26,859,562</u>		<u>25,761,995</u>	
Creditors: amounts falling due within one year	14	(17,329,035)		(17,355,721)	
Net current assets			<u>9,530,527</u>		<u>8,406,274</u>
Total assets less current liabilities			<u>15,998,753</u>		<u>14,789,697</u>
Provision for liabilities	15		(746,024)		(680,908)
Net assets			<u>15,252,729</u>		<u>14,108,789</u>
Capital and reserves					
Called up share capital	17		2		2
Profit and loss account			15,252,727		14,108,787
Shareholders' funds			<u>15,252,729</u>		<u>14,108,789</u>

The financial statements were approved by the Board of Directors and authorised for issue on **7th August 2020**

Neil Discombe

N Discombe
Director

The notes on pages 11 to 21 form part of these financial statements.

Garador Limited

Statement of Changes in Equity for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	2	11,339,877	11,339,879
Comprehensive income for the year	-	2,768,910	2,768,910
Balance at 31 December 2018	2	14,108,787	14,108,789
Comprehensive income for the year	-	1,143,940	1,143,940
Balance at 31 December 2019	2	15,252,727	15,252,729

The notes on pages 11 to 21 form part of these financial statements.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Garador Limited is a limited company, registered in England and Wales. The principal place of business is Bunford Lane, Yeovil, Somerset, BA20 2EJ.

2 Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

Going concern

The company has strong cash balances and no borrowing, other than a loan from its parent company, Garador Holdings Limited. The company has modelled its cashflow forecasts, which show that it will be able to continue to trade for the foreseeable future, despite the ongoing impact of Covid-19. The Directors have received a confirmation from the Directors of the parent company that twelve months' notice will be given before repayment of the loan is requested. At the date of approval of these financial statements, no such notice had been given. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Statement of cash flows

The company has taken advantage of the exemption not to prepare a statement of cash flow on the grounds that the company is a member of a group headed by Garador Holdings Limited which prepares consolidated financial statements which are publicly available and in which the company is consolidated.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	-	2%-10% straight line
Plant and machinery	-	5%-33% straight line
Motor vehicles	-	25%-33% straight line
Furniture and fittings	-	10%-25% straight line

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

Balances with original maturities in excess of three months are shown as current asset investments.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

2 Accounting policies (*continued*)

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods comprises materials, labour and attributable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price

Financial instruments

The company's financial instruments comprise trade and other debtor and creditor balances, together with intercompany balances which are stated at cost less provision for impairment and are receivable and payable within one year.

Foreign currency

The Company has a presentation currency of Pounds Sterling (GBP).

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

2 Accounting policies (*continued*)

Leased assets

Operating leases rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Warranty provision

Provision is made for the direct labour and material costs expected to be incurred during the warranty period entered into on the sale of goods.

3 Significant accounting estimates and judgements

With regard to accounting estimates, notes 11 and 12 contain details of the company's inventory and debtors. The carrying value of finished goods and trade debtors have been reviewed using commercial judgement with regard to an appropriate level of provision against inventory obsolescence and irrecoverable debts. Details of the provisions are stated in note 11 and 12.

The director considers the areas of critical accounting judgement to be:

Warranty provision

The directors maintain a provision for rectification of faulty goods, the cost which will necessarily fluctuate between periods. Consideration is taken of the recent history of rectification costs, however the costs at any time remain uncertain. The warranty provision is disclosed in note 15.

Provision for depreciation on tangible fixed assets

The company incurs significant expenditure on fixed assets and the depreciation policy is based on the Director's assessment of assets lives, based on agreed parameters as set out in note 2. Failure to charge depreciation on a timely basis will result in impairment charges or losses on disposal of fixed assets. The charge for the year is shown in note 5.

4 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

5 Operating profit

	2019 £	2018 £
This is arrived at after charging:		
Cost of stocks recognised as an expense	13,062,281	12,542,342
Depreciation of tangible fixed assets	618,530	774,799
Loss on disposal of fixed assets	31,126	-
Hire of plant and machinery - operating leases	45,769	18,986
Exchange differences	(64,315)	4,948
Bad debt provision	6,025	84,447
Fees payable to the company's auditor for the audit of the company's annual accounts	27,100	19,000
Fees payable to the company's auditor for other services: - taxation compliance services	6,900	4,250

6 Employees

	2019 £	2018 £
Staff costs (including the director) consist of:		
Wages and salaries	4,059,722	3,490,934
Social security costs	418,796	332,161
Other pension costs	216,107	206,826
	4,694,625	4,029,921

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Manufacturing	86	73
Selling and distribution	33	32
Administration	18	14
	137	119

	£	£
Staff costs in respect of key management personnel consist of:		
Wages and salaries	409,378	296,213
Social security	40,929	29,023
Other pension costs	37,244	16,091
	487,551	341,327

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

7 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	106,666	55,556
Company contributions to money purchase pension schemes	5,000	2,085

There was 1 director in the company's defined contribution pension scheme during the year (2018: 1).

8 Other interest receivable and similar income

	2019 £	2018 £
Interest on intercompany loan	87,500	62,500
Interest on bank deposits	88,465	83,561
	175,965	146,061

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

9 Taxation on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2019 £	2018 £
<i>UK corporation tax</i>		
Current tax on profits of the year	225,394	710,798
Adjustment in respect of prior periods	(2,317)	12,094
Total current tax	223,077	722,892
<i>Deferred tax</i>		
Origination of timing differences	39,516	(56,118)
Adjustment in respect of prior years	25,600	-
Total deferred tax	65,116	(56,118)
Tax on results on ordinary activities	288,193	666,774

UK corporation tax is calculated at 19% (2018 - 19%) of the estimated assessable profit for the year.

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK applied to profit before tax.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £	2018 £
Profit on ordinary activities before tax	1,432,133	3,435,684
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	272,105	652,780
Effects of:		
Expenses not deductible for tax purposes	12,318	1,900
Prior year adjustments	23,283	12,094
Other	(19,513)	-
Tax on results on ordinary activities	288,193	666,774

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 January 2019	7,359,363	12,995,068	41,025	1,143,145	21,538,601
Additions	-	631,584	-	102,875	734,459
Disposals	-	(43,542)	(24,590)	(3,700)	(71,832)
At 31 December 2019	7,359,363	13,583,110	16,435	1,242,320	22,201,228
<i>Depreciation</i>					
At 1 January 2019	2,285,592	12,064,533	41,025	764,028	15,155,178
Charge for year	157,943	285,747	-	174,840	618,530
Disposals	-	(12,416)	(24,590)	(3,700)	(40,706)
At 31 December 2019	2,443,535	12,337,864	16,435	935,168	15,733,002
<i>Net book value</i>					
At 31 December 2019	4,915,828	1,245,246	-	307,152	6,468,226
At 31 December 2018	5,073,771	930,535	-	379,117	6,383,423

Included in freehold land and buildings is £2,268,167 (2018 - £2,268,167) of land which has not been depreciated.

The freehold property is secured against a trading balance with a related party. At the year end the liability was £437,812 (2018 - £35,618).

11 Stocks

	2019 £	2018 £
Raw materials and consumables	2,715,130	2,008,836
Work in progress	869,375	551,035
Finished goods and goods for resale	591,730	573,336
Gross stock	4,176,235	3,133,207
Allowance for estimated irrecoverable amounts of stock	(271,577)	(103,667)
Net stock	3,904,658	3,029,540

There is no material difference between the replacement cost of stocks and the amounts stated above.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

12 Debtors

	2019 £	2018 £
Gross trade debtors	4,443,067	4,167,700
Allowance for estimated irrecoverable trade debts	(191,219)	(194,102)
Net trade debtors	4,251,848	3,973,598
Amounts owed by group undertakings	2,305,695	2,790,178
Prepayments	329,266	61,736
Corporation tax	1,282,819	-
	8,169,628	6,825,512

All amounts shown under debtors fall due for payment within one year.

13 Current asset investments

	2019 £	2018 £
Money market deposits	-	-

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	603,364	563,885
Amounts owed to parent entity	15,181,314	15,181,314
Amounts due to other group undertakings	1,046,130	367,539
Corporation tax	-	358,031
Other taxation and social security	252,441	601,739
Other creditors	28,924	30,501
Accruals	216,862	252,712
	17,329,035	17,355,721

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

15 Provisions for liabilities

	Deferred taxation £	Warranty provision £	Total £
At 1 January 2019	470,908	210,000	680,908
Charged to profit and loss account	65,116	-	65,116
At 31 December 2019	536,024	210,000	746,024
<i>Deferred taxation</i>			
		2019	2018
		£	£
Accelerated capital allowances		610,833	529,672
Sundry timing differences		(74,809)	(58,764)
		536,024	470,908

The warranty provision represents direct labour and material costs expected to be incurred during the warranty period entered into on the sale of goods.

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £216,107 (2018 - £206,826). At 31 December 2019, contributions amounting to £Nil (2018 - £Nil) were payable to the fund and are included in creditors.

17 Share capital

	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

18 Commitments under operating leases

The company had commitments under non-cancellable operating leases payable as follows:

	2019	2018
	£	£
Operating leases which expire:		
Within one year	37,642	22,962
In two to five years	45,074	21,141
	82,716	44,106

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

19 Financing instruments

	2019 £	2018 £
Financial assets		
Financial assets represented at fair value through profit or loss	14,785,276	15,906,943
Financial assets that are debt instruments measured at amortised cost	6,557,543	6,825,511
	<u>21,342,819</u>	<u>22,732,454</u>
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	17,286,594	16,605,951
	<u>17,286,594</u>	<u>16,605,951</u>

Financial assets measured at fair value through profit or loss comprise current assets investments and cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise amounts payable to trade creditors, amounts payable to group undertakings, other creditors and accruals.

20 Related parties

The company is a wholly owned subsidiary of Garador Holdings Limited and has taken advantage of Section 33 of FRS 102, not to disclose transactions with Garador Holdings Limited. The accounts of Garador Holdings Limited are available at, Companies House, Crown Way, Cardiff, CF14 3UZ.

Related party transactions and balances

The company has made a loan to IG Doors Limited, a fellow subsidiary of the ultimate parent company. Interest charged on the loan at 2.5% per annum amounted to £87,500 (2018 - £62,500). A balance of £2,331,579 (2018 - £2,707,827) was owing to the company at the year-end and the loan is repayable on demand. At year end a trading balance of £66,089 (2018 - £66,089) was owed by the company.

During the year the company purchased goods from other group undertakings, amounting to £6,366,375 (2018 - £6,205,966) and sold goods to other group undertakings amounting to £1,334,781 (2018 - £1,491,294). At the year end the company owed other group undertakings £ 1,046,130 per note 14 (2018 - £367,539) and was owed £25,884 (2018 - £82,351) with regard to trading transactions. No interest was charged on these trade balances and are repayable on demand.

21 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Garador Holdings Limited.

The company's ultimate parent undertaking is Hörmann KG Freisen, a company registered in Germany.

The company is controlled by its ultimate parent undertaking, which is owned by certain members of the Hörmann family.

Garador Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

22 Non adjusting post balance sheet event

In March 2020, the World Health Organization declared a global pandemic relating to Covid-19. The worldwide effect of Covid-19 has significantly impacted our market in 2020 and the outcome for the remainder of 2020 is somewhat uncertain. We are following all Government guidance addressing the health and safety of staff, with significant changes made throughout the operations and business teams.

We are making full use of the Government's Covid-19 job retention scheme (furlough) to support us during an unprecedented economic down-turn so that we remain in good health and ready to continue our business. All short-term measures are balanced against ensuring the long-term health of the business. We are continuing the capital investment plans, although the execution of some will defer into 2021 due to travel restrictions.

For the safety of our staff and customers we have closed our showroom and about half of our staff work from home. We are still receiving orders from customers and continue to ship goods, but at slightly reduced volumes versus normal times. Throughout the crisis we have maintained open channels of communications with our customers.

We have, since March 2020 implemented savings, of £367k, which include the furloughing to date of 42% of the workforce, senior management taking pay cuts and a reduction in discretionary expenditure. The expectation is that we will emerge as a profitable business at the end of 2020.

The company has a strong balance, with significant cash balances. We therefore do not believe that Covid 19 impacts on the going concern status of the company.