

Company registration number 02656105 (England and Wales)

DIREKTEK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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COMPANIES HOUSE

DIREKTEK LTD

COMPANY INFORMATION

Director	T Marshall
Secretary	J Marshall
Company number	02656105
Registered office	Direktek House 5 Century Point Halifax Road High Wycombe Buckinghamshire HP12 3SL
Auditor	Haines Watts High Wycombe Limited Oakingham House Frederick Place High Wycombe Buckinghamshire HP11 1JU

DIREKTEK LTD

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DIREKTEK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The director presents the strategic report for the year ended 30 June 2023.

Fair review of the business

The director presents the Strategic Report for the year ended 30 June 2023. The principal activity of the company continued to be of wholesale and distribution of photographic equipment, own branded audio visual equipment and computer accessories to independent retail channel, mass market retailers, online retailers, mail order retailers and B2B resellers.

The business continues to be the dominant distributor of photographic equipment in the UK enjoying a strong and stable relationship with all the major manufacturers. The business has also benefitted from a growing own brand business which has listing with many major bricks and mortar businesses and online retailers.

The target market of the photographic manufacturers is increasingly the Professional and Pro Consumer who continue to purchase the products at an increasingly higher price point. Our gross margin in this area is challenging but the higher price point is helping to main an acceptable profit.

Our increasingly strong relationships with our Far East suppliers for own brand product is now starting to show real benefits with better communications and pricing. Cheaper shipping charges have helped with better margins and increasing the diversity of our product portfolio has improved our customer base.

Licensing of some major brands has seen strong sales and is forecast to continue through 2023 and into 2024.


Key performance indicators/risks & uncertainties

The main KPI's remain a strong sustainable business with increased own brand high margin product from the Far East.

Stock shortages and increased shipping costs for our own brand products from the Far East has impacted overall profitability but we have seen strong demand for these products enjoying very acceptable profit margins well able to cope with these extra costs.

Risk to the business remains the costs associated with drop shipping products to our retail customers and shipping costs from the Far East for our own branded products which remains our unique specialist distribution model.

On behalf of the board



T Marshall

Director

Date: 12-3-24

DIREKTEK LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The director presents his report and financial statements for the year ended 30 June 2023.

Director

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

T Marshall

Results and dividends


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

No dividends have been recommended.

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



T Marshall

Director

.....12-3-24.....

DIREKTEK LTD

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

The director is responsible for preparing the 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 he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIREKTEK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIREKTEK LTD

Opinion

We have audited the financial statements of Direktek Ltd (the 'company') for the year ended 30 June 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 the director's report have been prepared in accordance with applicable legal requirements.

DIREKTEK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DIREKTEK LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

Explanation as to the extent to which the audit was considered capable of detecting irregularities, including fraud

During the audit we identify and assess the risk of material misstatements of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud and error; and to respond appropriately to those risks.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK GAAP, UK corporation tax laws and the Data Protection Act.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations.
- We corroborated our enquiries through a review of correspondence with regulatory bodies and also obtained management representations regarding compliance with applicable laws and regulations.

DIREKTEK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DIREKTEK LTD

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:

- Identifying and assessing the controls, management has in place to prevent and detect fraud, including the existence of supervisory controls;
- Challenging assumptions and judgements made by management in its significant accounting estimates and judgements (in particular in relation to depreciation, retrospective discounts and dilapidation provisions);
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations including obtaining written representations from management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions. There is always the unavoidable risk that material misstatements in the financial statements may not be detected despite the audit being properly performed in accordance with UK Auditing standards.

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.

Kapil Davda (Senior Statutory Auditor)
For and on behalf of Haines Watts High Wycombe Limited
Chartered Accountants
Statutory Auditor

Date: 12/3/2024

Oakingham House
Frederick Place
High Wycombe
HP11 1JU

DIREKTEK LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover		19,913,179	20,509,608
Cost of sales		(17,821,375)	(18,233,604)
Gross profit		<u>2,091,804</u>	<u>2,276,004</u>
Administrative expenses		(1,778,633)	(1,749,377)
Other operating income		48,000	62,200
Operating profit	3	<u>361,171</u>	<u>588,827</u>
Interest receivable and similar income	6	102,226	50,264
(Loss)/gain on investments	7	(51,803)	(755,442)
Profit/(loss) before taxation		<u>411,594</u>	<u>(116,351)</u>
Tax on profit/(loss)	8	(225,330)	(54,752)
Profit/(loss) for the financial year		<u><u>186,264</u></u>	<u><u>(171,103)</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

DIREKTEK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	2022 £
Profit/(loss) for the year	186,264	(171,103)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>186,264</u>	<u>(171,103)</u>

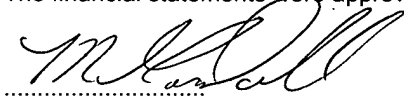
DIREKTEK LTD

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	9		42,147		41,664
Current assets					
Stocks	11	2,852,979		2,894,420	
Debtors	13	4,306,620		4,981,362	
Investments	12	2,837,263		2,703,611	
Cash at bank and in hand		3,222,790		2,358,996	
		<u>13,219,652</u>		<u>12,938,389</u>	
Creditors: amounts falling due within one year	14	<u>(1,710,734)</u>		<u>(1,615,252)</u>	
Net current assets			<u>11,508,918</u>		<u>11,323,137</u>
Total assets less current liabilities			<u>11,551,065</u>		<u>11,364,801</u>
Provisions for liabilities	16		<u>(308,694)</u>		<u>(308,694)</u>
Net assets			<u><u>11,242,371</u></u>		<u><u>11,056,107</u></u>
Capital and reserves					
Called up share capital	18		8,000		8,000
Capital redemption reserve			12,000		12,000
Profit and loss reserves			<u>11,222,371</u>		<u>11,036,107</u>
Total equity			<u><u>11,242,371</u></u>		<u><u>11,056,107</u></u>

The financial statements were approved and signed by the director and authorised for issue on 12-3-24



T Marshall
Director

Company Registration No. 02656105

DIREKTEK LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2021	8,000	12,000	11,207,210	11,227,210
Year ended 30 June 2022:				
Loss and total comprehensive income	-	-	(171,103)	(171,103)
Balance at 30 June 2022	8,000	12,000	11,036,107	11,056,107
Year ended 30 June 2023:				
Profit and total comprehensive income	-	-	186,264	186,264
Balance at 30 June 2023	8,000	12,000	11,222,371	11,242,371

DIREKTEK LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	1,201,853		207,401	
Income taxes paid		(253,931)		(253,351)	
Net cash inflow/(outflow) from operating activities		947,922		(45,950)	
Investing activities					
Purchase of tangible fixed assets		(899)		-	
Proceeds on disposal of tangible fixed assets		-		21,407	
Loss on investments		(51,803)		(755,442)	
(Loans repaid)/proceeds from other investments and loans		(133,652)		1,530,060	
Interest received		49,115		613	
Dividends received		53,111		49,651	
Net cash (used in)/generated from investing activities		(84,128)		846,289	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		863,794		800,339	
Cash and cash equivalents at beginning of year		2,358,996		1,558,657	
Cash and cash equivalents at end of year		3,222,790		2,358,996	

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Direktek Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Direktek House, 5 Century Point, Halifax Road, High Wycombe, Buckinghamshire, United Kingdom, HP12 3SL.

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 on the historical cost convention.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The Director has reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, and the current resources available, the Director has concluded that he can continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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:

Fixtures, fittings & equipment	20% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

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

1.5 Impairment of fixed assets

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

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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

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

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

1.6 Stocks

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

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's 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.

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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.

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.

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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

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 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)	(9,665)	(15,978)
Fees payable to the company's auditor for the audit of the company's financial statements	16,650	15,645
Depreciation of owned tangible fixed assets	416	236
Operating lease charges	144,901	147,272
	<u>144,901</u>	<u>147,272</u>

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

4 Employees

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

	2023 Number	2022 Number
Selling and distribution	8	10
Administration	24	26
	<u>32</u>	<u>36</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,008,695	1,022,593
Social security costs	99,154	93,460
Pension costs	16,017	16,116
	<u>1,123,866</u>	<u>1,132,169</u>

5 Director's remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>45,000</u>	<u>45,000</u>

6 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	19,008	613
Interest receivable	30,107	-
Total interest revenue	<u>49,115</u>	<u>613</u>
Other income from investments		
Dividends received	<u>53,111</u>	<u>49,651</u>
Total income	<u>102,226</u>	<u>50,264</u>

7 Gains/(loss) on Investments

	2023 £	2022 £
(Loss) on investments	<u>(51,803)</u>	<u>(755,442)</u>

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	84,861	113,462
Adjustments in respect of prior periods	140,469	-
	<u>225,330</u>	<u>113,462</u>
Deferred tax		
Origination and reversal of timing differences	-	(58,710)
	<u>225,330</u>	<u>54,752</u>

The actual charge 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:

	2023 £	2022 £
Profit/(loss) before taxation	<u>411,594</u>	<u>(116,351)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	102,899	(22,107)
Tax effect of expenses that are not deductible in determining taxable profit	14,226	-
Effect of change in corporation tax rate	(18,649)	-
Permanent capital allowances in excess of depreciation	(337)	(155)
Effect of pension overpayments	-	(219)
Deferred tax	-	(58,710)
Dividend income not taxable	(13,278)	(8,342)
Gains on investments	-	143,534
Write - off historic tax recoverable balance	269,848	-
Chargeable capital gains	-	751
R&D claims in respect of prior years	(129,379)	-
	<u>225,330</u>	<u>54,752</u>

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

9 Tangible fixed assets	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2022	1,030,432	15,245	1,045,677
Additions	899	-	899
At 30 June 2023	<u>1,031,331</u>	<u>15,245</u>	<u>1,046,576</u>
Depreciation and impairment			
At 1 July 2022	988,768	15,245	1,004,013
Depreciation charged in the year	416	-	416
At 30 June 2023	<u>989,184</u>	<u>15,245</u>	<u>1,004,429</u>
Carrying amount			
At 30 June 2023	<u>42,147</u>	<u>-</u>	<u>42,147</u>
At 30 June 2022	<u>41,664</u>	<u>-</u>	<u>41,664</u>
10 Intangible fixed assets			Big Screen Investment £
Cost			
At 1 July 2022 and 30 June 2023			194,989
Amortisation and impairment			
At 1 July 2022 and 30 June 2023			194,989
Carrying amount			
At 30 June 2023			-
At 30 June 2022			-
11 Stocks		2023 £	2022 £
Finished goods and goods for resale		2,852,979	2,894,420
12 Current asset investments		2023 £	2022 £
Unlisted investments		2,837,263	2,703,611

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Debtors		2023	2022
		£	£
Amounts falling due within one year:			
Trade debtors		2,753,861	3,070,262
Other debtors		878,765	1,092,602
Prepayments and accrued income		673,994	818,498
		<u>4,306,620</u>	<u>4,981,362</u>
14 Creditors: amounts falling due within one year		2023	2022
		£	£
Trade creditors		1,406,773	1,285,369
Corporation tax		84,861	113,462
Other taxation and social security		99,666	77,138
Accruals and deferred income		119,434	139,283
		<u>1,710,734</u>	<u>1,615,252</u>
15 Financial instruments		2023	2022
		£	£
Carrying amount of financial assets			
Debt instruments measured at amortised cost		<u>3,632,626</u>	<u>4,162,864</u>
Carrying amount of financial liabilities			
Measured at amortised cost		<u>1,526,207</u>	<u>1,424,652</u>
16 Provisions for liabilities		2023	2022
	Note	£	£
Provision for dilapidations		300,000	300,000
Deferred tax liabilities	17	<u>8,694</u>	<u>8,694</u>
		<u>308,694</u>	<u>308,694</u>
Movements on provisions apart from retirement benefits and deferred tax liabilities:			Provision for dilapidations
			£
At 1 July 2022 and 30 June 2023			<u>300,000</u>

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

17 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	8,694	8,694

18 Share capital

	2023 £	2022 £
Ordinary share capital		
Issued and fully paid		
8,000 Ordinary shares of £1 each	8,000	8,000

19 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	16,017	16,116

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.

20 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:

	2023 £	2022 £
Within one year	142,500	142,500
Between two and five years	498,750	570,000
In over five years	-	71,250
	<u>641,250</u>	<u>783,750</u>

DIREKTEK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

21 Related party transactions

During the year, Direktek Limited made purchases of £nil (2022: £nil) and sales of £479,529 (2022: £804,395) with a related company. Direktek also charged £48,000 (2022: £nil) as management fees to the same company. At the balance sheet date, Direktek was owed £nil (2022: £nil) by the related company.

During the year, Direktek Limited was charged licence fees totalling £100,000 (2022: £100,000) by a company in which T Marshall is a director and shareholder.

At the balance sheet date, the company was owed £65,596 (2022: £169,629) by companies in which T Marshall is a director and shareholder.

At the balance sheet date, the company was owed £878,765 (2022: £922,973) by companies under common control.

22 Control

The company is controlled by T Marshall as the sole director and shareholder.

23 Cash generated from operations

	2023 £	2022 £
Profit/(loss) for the year after tax	186,264	(171,103)
Adjustments for:		
Taxation charged	225,330	54,752
Investment income	(102,226)	(50,264)
Depreciation and impairment of tangible fixed assets	416	236
Loss/(gain) on investments	51,803	755,442
Movements in working capital:		
Decrease/(increase) in stocks	41,441	(404,010)
Decrease in debtors	674,742	31,648
Increase/(decrease) in creditors	124,083	(9,300)
Cash generated from operations	<u>1,201,853</u>	<u>207,401</u>