

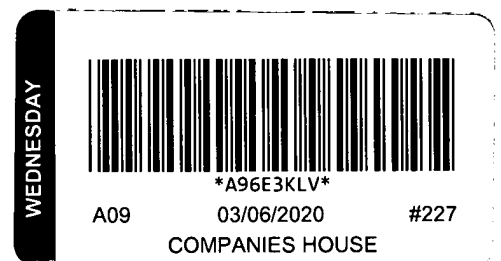
Registered number: 06984066

DONGHUA LIMITED

Financial statements

Information for filing with the registrar

For the Year Ended 31 December 2019



DONGHUA LIMITED
Registered number: 06984066

Balance Sheet
As at 31 December 2019

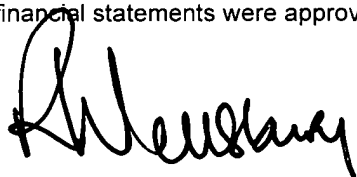
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	217,319	243,539
		<u>217,319</u>	<u>243,539</u>
Current assets			
Stocks		2,485,993	2,278,780
Debtors: amounts falling due within one year	5	635,281	752,615
Cash at bank and in hand	6	91,530	157,124
		<u>3,212,804</u>	<u>3,188,519</u>
Creditors: amounts falling due within one year	7	(2,872,191)	(3,097,789)
Net current assets		<u>340,613</u>	<u>90,730</u>
Total assets less current liabilities		<u>557,932</u>	<u>334,269</u>
Net assets		<u><u>557,932</u></u>	<u><u>334,269</u></u>
Capital and reserves			
Called up share capital	8	1,700,000	1,700,000
Profit and loss account		(1,142,068)	(1,365,731)
		<u>557,932</u>	<u>334,269</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



Mr R G Wellsbury
Director

20th May 2020

The notes on pages 2 to 8 form part of these financial statements.

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Donghua Limited is a private company limited by shares incorporated in England. The address of the registered office is 9 & 10 Sidings Close, Wolverhampton, England, WV11 3DR. The nature of the company's operations and principal activities are distributors of roller chains.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, the director considers this to be suitable based on the Company's current trading levels, future prospects and the continued financial support given by the ultimate parent undertaking, which is located in a geographic region that is past the peak of the pandemic and is now operating at close to full capacity and is financially robust following the pandemic.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. All amounts have been rounded to the nearest £1.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

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

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- 20 years over lease term
Plant and machinery	- 15% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% straight line
Office equipment	- 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors, creditors and loans from related parties.

3. Employees

The average monthly number of employees, including directors, during the year was 12 (2018 - 13).

DONGHUA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

4. Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost						
At 1 January 2019	28,567	185,364	16,053	231,944	114,221	576,149
Additions	-	4,836	17,000	1,953	17,856	41,645
At 31 December 2019	<u>28,567</u>	<u>190,200</u>	<u>33,053</u>	<u>233,897</u>	<u>132,077</u>	<u>617,794</u>
Depreciation						
At 1 January 2019	3,570	101,331	5,169	139,125	83,415	332,610
Charge for the year on owned assets	1,429	23,930	5,553	26,045	10,908	67,865
At 31 December 2019	<u>4,999</u>	<u>125,261</u>	<u>10,722</u>	<u>165,170</u>	<u>94,323</u>	<u>400,475</u>
Net book value						
At 31 December 2019	<u>23,568</u>	<u>64,939</u>	<u>22,331</u>	<u>68,727</u>	<u>37,754</u>	<u>217,319</u>
At 31 December 2018	<u>24,997</u>	<u>84,033</u>	<u>10,884</u>	<u>92,819</u>	<u>30,806</u>	<u>243,539</u>

5. Debtors

	2019 £	2018 £
Trade debtors	566,054	609,444
Amounts owed by group undertakings	881	28,977
Other debtors	99	365
Prepayments and accrued income	67,536	66,482
Deferred taxation	711	47,347
	<u>635,281</u>	<u>752,615</u>

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	91,530	157,124
	<u>91,530</u>	<u>157,124</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	31,711	51,677
Amounts owed to group undertakings	2,800,648	2,981,551
Other taxation and social security	19,653	28,089
Other creditors	2,920	1,670
Accruals and deferred income	17,259	34,802
	<u>2,872,191</u>	<u>3,097,789</u>

8. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,700,000 (2018 - 1,700,000) Ordinary shares of £1.00 each	<u>1,700,000</u>	<u>1,700,000</u>

9. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	7,209	-
	<u>7,209</u>	<u>-</u>

10. Pension commitments

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 cost charge represents contributions payable by the company to the fund and amounted to £14,319 (2018 - £13,227). Contributions totalling £2,920 (2018 - £1,670) were payable to the fund at the balance sheet date and included in creditors.

DONGHUA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Related party transactions

The company has taken advantage of the exemption in paragraph 33.1A of Financial Reporting Standard 102, from the requirement to disclose transactions with wholly owned members of the group.

12. Controlling party

The company is controlled by Donghua International Holding B.V, a company registered in Netherlands which owns 100% of the issued share capital of Donghua Limited. This company's financial statements are publicly available and may be obtained from Netherlands Kamer Van Koophandel.

The ultimate holding company is Hangzhou Donghua Chain Group Co. Limited, a company registered in China, which is the parent company of the largest and smallest group into which the company's results are consolidated. This company is controlled by Mr X Bihua, by virtue of his controlling shareholding. The financial statements of the ultimate holding company are not publicly available.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on *20 May 2020* by Paul Kurowski (Senior Statutory Auditor) on behalf of Smith Cooper Audit Limited.