

Registered number: 00110711

FISCHBEIN-SAXON LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



FISCHBEIN-SAXON LTD

CONTENTS

	Page(s)
Company Information	1
Directors' Report	2 - 6
Independent Auditors' Report to the Members of Fischbein-Saxon Ltd	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 27

FISCHBEIN-SAXON LTD

COMPANY INFORMATION

Directors	R Bontemps (resigned 31 January 2020) M J Kachmer O G Hancotte (appointed 31 January 2020)
Company secretary	M Kachmer
Registered number	00110711
Registered office	Alexandria Business Centre 274 Alma Road Enfield Middlesex EN3 7BB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Rd Watford WD17 1JJ

FISCHBEIN-SAXON LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements of Fischbein-Saxon Ltd (the "Company") for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is the manufacturing and distribution of light metal packaging.

Results and dividends

The profit for the financial year amounted to £344,720 (2019: £770,778). The net assets of the Company were £633,898 (2019: £1,289,178).

During the financial year, the Company paid a dividend of £1,000,000 (2019: £4,283,532).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R Bontemps (resigned 31 January 2020)

M J Kachmer

O G Hancotte (appointed 31 January 2020)

Qualifying third party indemnity provisions

There were no qualifying third party indemnity provisions during the financial year.

Political donations

There were no political donations made during the financial year (2019: £Nil).

Future developments

Fischbein-Saxon will continue to develop its customer base within the UK and Ireland within the forthcoming year. The acquisition of Votech B.V. in the Netherlands by Duravant and its integration into Fischbein International provides a unique opportunity for Fischbein-Saxon Ltd to develop the supply of packaging machinery in the UK and Irish markets. As a result, Fischbein-Saxon Ltd intends developing large automated systems into existing markets and customers.

Fischbein-Saxon Ltd engineering individuals will integrate the global Fischbein International engineering team to acquire the knowledge of the Votech packaging line and support the local growth and services capabilities.

Incorporating Votech products brands into Fischbein portfolio will enable the growth of the services activity which is a key element in the coming years growth strategy through cross-training.

The Company will focus on growing into specific target markets such as milk powder, animal feed, fertiliser and pet food industries.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial risk policy

The Company monitors and manages the financial risks. These risks are discussed in further detail below.

Price Risk

All prices across our various product ranges are reviewed on a regular basis. They are then adjusted accordingly to absorb market fluctuations and exchange rate variations to ensure that we maintain our required profit margins.

Credit Risk

All new UK customers are credit checked wherever possible before commencing trading. If there are issues with payment of outstanding monies, the Company utilises a very efficient debt collection agency. Payment for machines sold in the UK are performed on a stage basis prior to dispatch of machinery in order to mitigate this risk.

Orders from non-UK customers tend to come via our subsidiaries in America, Belgium, France, Germany and Singapore who as the intermediary carry customer credit risk. If an order is received direct from a new overseas customer, payment is requested before the equipment is dispatched.

Liquidity Risk

Regular monthly cash flow forecasts are produced to ensure that sufficient funds are available to meet the Company's working capital requirements.

Cash Flow Risk

Debts are expedited regularly to ensure that there is a regular income of cash, and creditors are paid within their credit terms according to the cash balances available. Should there be a short-term cash shortage the Duravant group provides support as needed.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Going concern

Throughout the period and subsequent to the year end, the ongoing health crisis linked to the coronavirus involved adjustments to the working pattern of the Company's employees. However, this did not make any substantial changes to the flow of orders and invoicing.

At this stage, the 2021 results are expected to be in line with the set target. First quarter sales are slightly down compared to expectations. However, the order book and offers are strong and show good prospects. With a good order book and positive cash flow, the management of Fischbein has no concerns for the continuity of the business of the Company for the foreseeable future.

A simplification of internal processes is underway, orders from German and French customers are now recorded and delivered directly from Belgium. This is to ensure a greater order process efficiency and a focus of the teams on tasks with higher added value. It will also help mitigate the risk of disruptions due to Brexit.

In a move aimed at accelerating the Fischbein growth in the supply of complete packaging solutions, in February 2021 the Duravant group completed the acquisition of the Company Votech BV located in Reusel, The Netherlands.

The strong product portfolio of Votech offers excellent prospects to the Fischbein commercial network. The complementarity between these two companies offers great prospects for the future of Fischbein, to the point where operational activities of Votech and commercial activities of Fischbein can be integrated in the future.

Brexit

Due to Brexit and the end of the transition period on 1st January 2021, Fischbein-Saxon Ltd had to change its method of delivery to and from the EU. To mitigate the impact of Brexit, all consignments to the EU are now sent directly to our sister company Fischbein S.A in Brussels, from where the goods are delivered to customers.

Fischbein International has now engaged the services of a haulier company to manage all their shipments to and from the UK which is conducted on a DDP basis. Fischbein is in the process of creating a duty deferment account in the UK to take care of any tax issues that may arise. Hence, the customer will not have to pay any tax on importation. Currently the services of the haulier are being used for this purpose including the submission of data to HMRC.

Supplementary declarations for importation of goods from outside the EU are now submitted to HMRC by individual couriers and agents. By implementing these measures, we made sure we retained our customers with a minimal impact of Brexit.

Increased travel documentation and certain restrictions on the movement of goods has placed an additional burden on staff wishing to travel to and from the EU on business. To mitigate the risk, there is now an increased reliance on IT solutions to maintain contact with customers and staff in the EU.

Covid-19

Covid-19 continues into 2021 and the plan has been to continue working practices that were initiated by the UK Government at the beginning of the pandemic and subsequent measures taken during the year. However, with the easing of UK Government restrictions, vaccinations and additional testing, some travel to our European subsidiaries has been allowed especially during the second half of 2021. In addition, visits to customers within the UK has also increased during this current fiscal year with a planned showcase at the PPMA exhibition in September/October this year.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Small companies exemption

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

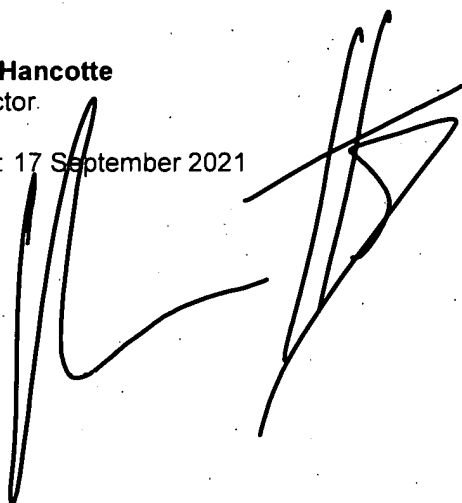
FISCHBEIN-SAXON LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on its behalf by:

O G Hancotte
Director.

Date: 17 September 2021

A handwritten signature in black ink, consisting of a large, stylized 'H' followed by a series of loops and a final downward stroke.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHBEIN-SAXON LTD

Report on the audit of the financial statements

Opinion

In our opinion, Fischbein-Saxon Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHBEIN-SAXON LTD (CONTINUED)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Employment Law including Health and Safety regulations and prohibited and unethical business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to principal risks were related to inappropriate journal entries to increase revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management including consideration of known or suspected instances of non-compliance with laws and regulations or fraud, specifically with reference to health and safety monitoring and compliance.
- Challenging assumptions and judgement made by management in their significant accounting estimates and judgements.
- Risk based testing of journal entries.
- Unpredictable procedures to address the risk of fraud.
- Reviewing the disclosure in the Directors' Report and Financial Statements against the specific legal requirements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHBEIN-SAXON LTD (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
20 September 2021

FISCHBEIN-SAXON LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	3,598,891	3,584,295
Cost of sales		(2,289,333)	(2,145,927)
Gross profit		1,309,558	1,438,368
Distribution costs		(84,974)	(96,416)
Administrative expenses		(651,056)	(721,721)
Operating profit	5	573,528	620,231
Interest receivable and similar income	9	113,119	159,683
Interest payable and similar expenses	10	(265,577)	(9,162)
Profit before taxation		421,070	770,752
Tax on profit	11	(76,350)	26
Profit for the financial year		344,720	770,778
Total comprehensive income for the financial year		344,720	770,778

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	27,263	21,720
Current assets			
Stocks	14	770,282	1,057,861
Debtors	15	659,654	4,554,340
Cash at bank and in hand	16	1,735,086	504,844
		<u>3,165,022</u>	<u>6,117,045</u>
Creditors: amounts falling due within one year	17	(583,922)	(563,580)
Net current assets		<u>2,581,100</u>	<u>5,553,465</u>
Total assets less current liabilities		<u>2,608,363</u>	<u>5,575,185</u>
Creditors: amounts falling due after more than one year	18	(1,971,039)	(4,283,532)
Provisions for liabilities			
Deferred taxation	19	(3,426)	(2,475)
Net assets		<u>633,898</u>	<u>1,289,178</u>
Capital and reserves			
Called up share capital	20	14,890	14,890
Capital redemption reserve	21	10,806	10,806
Profit and loss account	21	608,202	1,263,482
Total shareholders' funds		<u>633,898</u>	<u>1,289,178</u>

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

O G Hancotte
Director

Date: 17 September 2021

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2019	14,890	10,806	4,776,236	4,801,932
Comprehensive income for the financial year				
Profit for the financial year	-	-	770,778	770,778
Total comprehensive income for the financial year	-	-	770,778	770,778
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(4,283,532)	(4,283,532)
Total transactions with owners	-	-	(4,283,532)	(4,283,532)
At 31 December 2019 and 1 January 2020	14,890	10,806	1,263,482	1,289,178
Comprehensive income for the financial year				
Profit for the financial year	-	-	344,720	344,720
Total comprehensive income for the financial year	-	-	344,720	344,720
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	-	(1,000,000)	(1,000,000)
At 31 December 2020	14,890	10,806	608,202	633,898

The notes on pages 13 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Fischbein-Saxon Ltd (the "Company") is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and principal activity are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Fischbein Limited as at 31 December 2020 and these financial statements may be obtained from 274 Alma Road, Enfield, Middlesex, EN3 7BB.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

Throughout the period and subsequent to the year end, the ongoing health crisis linked to the coronavirus involved adjustments to the working pattern of the Company's employees. However, this did not make any substantial changes to the flow of orders and invoicing.

At this stage, the 2021 results are expected to be in line with the set target. First quarter sales are slightly down compared to expectations. However, the order book and offers are strong and show good prospects. With a good order book and positive cash flow, the management of Fischbein has no concerns for the continuity of the business of the Company for the foreseeable future.

A simplification of internal processes is underway, orders from German and French customers are now recorded and delivered directly from Belgium. This is to ensure a greater order process efficiency and a focus of the teams on tasks with higher added value. It will also help mitigate the risk of disruptions due to Brexit.

In a move aimed at accelerating the Fischbein growth in the supply of complete packaging solutions, in February 2021 the Duravant group completed the acquisition of the Company Votech BV located in Reusel, The Netherlands.

The strong product portfolio of Votech offers excellent prospects to the Fischbein commercial network. The complementarity between these two companies offers great prospects for the future of Fischbein, to the point where operational activities of Votech and commercial activities of Fischbein can be integrated in the future.

Brexit

Due to Brexit and the end of the transition period on 1st January 2021, Fischbein-Saxon Ltd had to change its method of delivery to and from the EU. To mitigate the impact of Brexit, all consignments to the EU are now sent directly to our sister company Fischbein S.A in Brussels, from where the goods are delivered to customers.

Fischbein International has now engaged the services of a haulier company to manage all their shipments to and from the UK which is conducted on a DDP basis. Fischbein is in the process of creating a duty deferment account in the UK to take care of any tax issues that may arise. Hence, the customer will not have to pay any tax on importation. Currently the services of the haulier are being used for this purpose including the submission of data to HMRC.

Supplementary declarations for importation of goods from outside the EU are now submitted to HMRC by individual couriers and agents. By implementing these measures, we made sure we retained our customers with a minimal impact of Brexit.

Increased travel documentation and certain restrictions on the movement of goods has placed an additional burden on staff wishing to travel to and from the EU on business. To mitigate the risk, there is now an increased reliance on IT solutions to maintain contact with customers and staff in the EU.

Covid-19

Covid-19 continues into 2021 and the plan has been to continue working practices that were initiated by the UK Government at the beginning of the pandemic and subsequent measures taken during the year. However, with the easing of UK Government restrictions, vaccinations and additional testing, some travel to our European subsidiaries has been allowed especially during the second half of 2021. In addition, visits to customers within the UK has also increased during this current fiscal year with a planned showcase at the PPMA exhibition in September/October this year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Sale of goods

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

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 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 reporting 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 Statement of Financial Position 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation transactions are provided for on a full provision basis on all timing differences which have arisen but not reversed at the Statement of Financial Position date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

2.6 Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Statement of Comprehensive Income.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Tangible assets

Tangible 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.8 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over the term of the lease
Plant and machinery	- 10 years
Fixtures and fittings	- 5 to 7 years
Computer equipment	- 4 years

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.

2.9 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 first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 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.

2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 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.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Critical accounting judgments and estimates

In preparing these financial statements, the members have made the following judgements:

Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty.

Impairment of debtors

General Reserve:

It is the policy of the parent company to establish an allowance for all accounts receivable balances which are aged 90 days or greater past their original due date. The Company reviews these receivables on a monthly basis and establishes an allowance for the balance. Credits which appear in this aging category are excluded from the analysis. If management believes that a receivable balance aged greater than 90 days past its due date should be excluded from the allowance calculation the amount is excluded.

Specific Reserve:

In addition to the general reserve, management reviews all accounts receivable (trade and other) for any accounts which they believe may be uncollectable for which the receivable has not met the requirements of the general reserve discussed above. If it is determined through this analysis a receivable may not be collectible an allowance is established.

Warranty Accrual

The Company standard warranty is six months from shipment date. Therefore, the Company estimates their exposure to warranty claims to be a percentage of the last six months sales. Although the Company may accept additional claims on their own merit, this does not alter the calculated exposure or the need for accrual. The percentage of accrual is calculated from previous actual claims versus invoiced sales.

Inventory Obsolescence

The Company takes a 12 month historical usage and multiplies that by 2 to simulate 24 months use weighted on the last 12 months usage in order to establish the inventory provision. Any inventory greater than that calculated value is considered slow moving and provided for. Any exceptions where the above provision terms do not apply well are removed, for example new machines built for order but with no historic sales – machines built for the showroom/demo and exhibitions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

Turnover arises from:

	2020 £	2019 £
Sale of goods	3,466,059	3,407,191
Sale of services	132,832	177,104
	<u>3,598,891</u>	<u>3,584,295</u>

Turnover is attributable to the one principal activity of the Company. An analysis of turnover by geographical markets that substantially differ from each other is given below:

	2020 £	As restated 2019 £
United Kingdom	2,252,039	2,071,872
Rest of Europe	949,823	1,081,923
Rest of the World	397,029	430,500
	<u>3,598,891</u>	<u>3,584,295</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible assets	8,729	11,301
Foreign exchange differences	(937)	(4,841)
Operating lease rental charges	100,022	105,685
Defined contribution plan cost	14,573	13,372
	<u>14,387</u>	<u>14,517</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>28,000</u>	<u>26,250</u>
Fees payable to the Company's auditors in respect of:		
Financial statement preparation	<u>2,200</u>	<u>1,995</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	591,396	665,976
Social security costs	98,610	96,074
Other pension costs	14,573	13,372
	<u>704,579</u>	<u>775,422</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Production/Operations	3	4
Engineering	3	2
Sales and Service	7	8
Finance and Admin	2	2
Overseas based	2	2
Indirect manufacturing	4	4
	<u>21</u>	<u>22</u>

8. Directors' remuneration

	2020 £	2019 £
Aggregate directors' remuneration	<u>1,146</u>	<u>16,145</u>

During the financial year retirement benefits were accruing to Nil directors (2019: Nil) in respect of defined contribution pension schemes.

During the financial year two directors (2019: One) were not remunerated for their service to the Company.

Another directors remuneration is allocated to a number of group entities, the amount recognised above represents the remuneration for the directors services to this entity.

9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	<u>113,119</u>	<u>159,683</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	<u>265,577</u>	<u>9,162</u>

11. Tax on profit

	2020 £	2019 £
Corporation tax		
Current tax on profits for the financial year	79,952	-
Adjustments in respect of prior years	(4,553)	549
Total current tax	<u>75,399</u>	<u>549</u>
Deferred tax		
Origination and reversal of timing differences	659	(643)
Changes to tax rates	292	68
Total deferred tax	<u>951</u>	<u>(575)</u>
Total tax	<u>76,350</u>	<u>(26)</u>

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Profit before taxation	<u>421,070</u>	<u>770,752</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	80,003	146,443
Effects of:		
Expenses not deductible for tax purposes	609	4,797
Adjustment in respect of prior years	(4,553)	549
Group relief	-	(151,883)
Rate difference	291	68
Total tax charge/(credit) for the financial year	<u>76,350</u>	<u>(26)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
11. Tax on profit (continued)**Factors that may affect future tax charges**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would not be material to disclose.

12. Dividends

	2020 £	2019 £
Dividends paid @£67.16 per £1 share (2019: £287.68)	<u>1,000,000</u>	<u>4,283,532</u>

13. Tangible assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	19,745	9,175	40,119	113,474	182,513
Additions	-	-	-	14,272	14,272
At 31 December 2020	<u>19,745</u>	<u>9,175</u>	<u>40,119</u>	<u>127,746</u>	<u>196,785</u>
Accumulated depreciation					
At 1 January 2020	19,745	8,633	34,380	98,035	160,793
Charge for the year	-	159	2,426	6,144	8,729
At 31 December 2020	<u>19,745</u>	<u>8,792</u>	<u>36,806</u>	<u>104,179</u>	<u>169,522</u>
Net book value					
At 31 December 2020	<u>-</u>	<u>383</u>	<u>3,313</u>	<u>23,567</u>	<u>27,263</u>
At 31 December 2019	<u>-</u>	<u>542</u>	<u>5,739</u>	<u>15,439</u>	<u>21,720</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Stocks

	2020 £	2019 £
Raw materials	661,365	804,440
Work in progress	41,697	61,412
Finished goods	67,220	192,009
	<u>770,282</u>	<u>1,057,861</u>

Inventory recognised in cost of sales during the financial year as an expense was £2,084,582 (2019: £2,093,099).

An impairment loss of £340 (2019: £3,706) was recognised in cost of sales against inventory during the financial year due to slow-moving and obsolete inventory.

15. Debtors

	2020 £	2019 £
Trade debtors	287,928	282,426
Amounts owed by group undertakings	268,442	4,189,577
Other debtors	800	800
Prepayments and accrued income	64,427	81,537
Corporation tax recoverable	38,057	-
	<u>659,654</u>	<u>4,554,340</u>

Included within amounts owed by group undertakings is £Nil (£4,189,577), interest is charged at a rate of 7% per annum and was repaid by 31 December 2020. All other amounts owed within one year by group undertakings are non-interest bearing and are repayable on demand.

Trade debtors are stated after impairment of £Nil (2019: £3,309).

16. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	<u>1,735,086</u>	<u>504,844</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	167,761	140,066
Amounts owed to group undertakings	77,860	187,617
Corporation tax	-	4,553
Other taxation and social security	16,048	14,699
Other creditors	122,863	66,918
Accruals and deferred income	199,390	149,727
	<u>583,922</u>	<u>563,580</u>

Amounts owed within one year to group undertakings are non-interest bearing and are repayable on demand.

18. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	<u>1,971,039</u>	<u>4,283,532</u>

Amounts falling due after more than one year is owed to Fischbein Limited, interest is charged at a rate of 7% per annum; loan is repayable on 16 June 2025.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Deferred taxation

	2020 £
At beginning of year	2,475
Charged to profit or loss	951
At end of year	<u>3,426</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	4,281	2,659
Other timing differences	(855)	(184)
	<u>3,426</u>	<u>2,475</u>

20. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
14,890 (2019: 14,890) Ordinary shares of £1.00 (2019: £1.00) each	<u>14,890</u>	<u>14,890</u>

21. Reserves**Capital redemption reserve**

The capital redemption reserve contains the amount arising on redemption of shares.

Profit and loss account

Profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

22. Pension commitments*Defined contribution plans*

The Company operates a defined contributions 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 £14,573 (2019: £13,372).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	134,299	134,024
Later than 1 year and not later than 5 years	86,685	355,619
	<u>220,984</u>	<u>489,643</u>

24. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the Company are controlled by the Group.

25. Ultimate parent undertaking and controlling party

The immediate parent company as at 31 December 2020 is Fischbein Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Engineered Machinery Holdings, Inc, a company incorporated in the United States of America.

The largest and smallest group in which the results of the Company are consolidated is Fischbein Limited. Copies of these consolidated financial statements are available to the public and may be obtained from 274 Alma Road, Enfield, Middlesex, EN3 7BB.