

**C.F.Struthers Limited**

**Strategic Report, Report of the Directors and**

**Financial Statements for the Period 1st January 2019 to 30th June 2020**

Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire HU2 8BA

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for the period 1st January 2019 to 30th June 2020**

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**Company Information  
for the period 1st January 2019 to 30th June 2020**

<b>DIRECTORS:</b>	N Burton M J Graves
<b>SECRETARY:</b>	M J Graves
<b>REGISTERED OFFICE:</b>	Millennium Works Valletta Street Hull East Yorkshire HU9 5NP
<b>REGISTERED NUMBER:</b>	00262479 (England and Wales)
<b>AUDITORS:</b>	Smailes Goldie Chartered Accountants Statutory Auditor Regent's Court Princess Street Hull East Yorkshire HU2 8BA

**Strategic Report  
for the period 1st January 2019 to 30th June 2020**

The directors present their strategic report for the period 1st January 2019 to 30th June 2020.

**REVIEW OF BUSINESS**

The worldwide Covid 19 pandemic presented a number of hurdles for the company but despite these the company has continued to trade successfully, the company has put several measures in place to mitigate the risks to staff and the business.

Following a slowdown in offshore projects, triggered by a depression in worldwide oil prices, the directors reviewed the business strategy and decided to increase the general fabrication work to offset the suppression in the offshore market caused by COVID 19 and worldwide fall in oil prices. To help facilitate this change the company has made a significant change to its online presence as referred to in the previous year's accounts.

During the period the company also suffered a considerable bad debt (see exceptional item note 6) when a customer went into administration. The impact of this was somewhat mitigated as the company novated 3 outstanding partially completed contracts for offshore products. Two of these were to supply Waste Heat Recovery units (7 in total), and one Circular Waste Heat Recovery Steam Generator. The cashflow effect of the bad debt resulted in the successful refinancing and restructuring.

By way of corporate acquisition shortly after the reporting period end the company acquired the intangible fixed assets of the former customer. This included a number of patents and the company has now secured the rights to continue production using patented components which it can now sell direct to the end user.

**GOING CONCERN**

The directors have prepared cash flow forecasts covering a period of 12 months from the date of signing this report; applying sensitivity analysis as appropriate and they continue to consider all of the various factors which may affect cash flow in the future.

The directors believe that the company is well placed to manage its business risks successfully despite the uncertainties surrounding the current economic environment and accordingly continue to adopt the going concern basis in preparing the annual report and accounts.

**FUTURE DEVELOPMENTS**

Following the corporate acquisition of the intangible fixed assets the new subsidiary Struthers Energy & Power Limited began trading and the directors remain highly optimistic about the future. Due to the acquisition of intellectual property and patents in particular the company will have less reliance on one customer and will have more control over its cashflow on the contracts it undertakes.

The anticipated resurgence of the offshore market together with ongoing orders from its general fabrication customers places the company in a strong position for the forthcoming year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors considers that the key risks for the business are meeting customers, constant higher expectations. The risk is managed by ensuring the company's quality systems are maintained, key members of staff retained and a focus on exceeding customer's expectations.

**KEY PERFORMANCE INDICATORS**

The ultimate controlling party is also a director of the company and is closely involved in the company's activities. The company's directors therefore believe that the analysis of the company's performance for the year using Key Performance Indicators is not necessary as the shareholder already understands the development, performance and position of the company.

**FINANCIAL RISK MANAGEMENT**

In mitigation of possible cash flow risks the company has now adopted a stronger regime in milestone payment terms to neutralise cash flows on longer term higher value projects. Due to the acquisition of Intellectual property the company will now enjoy total control of its cash flow and margins in major high value onshore and offshore contracts.

**ON BEHALF OF THE BOARD:**

Director

29th June 2021

**Report of the Directors  
for the period 1st January 2019 to 30th June 2020**

The directors present their report with the financial statements of the company for the period 1st January 2019 to 30th June 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of fabrication engineers.

**DIVIDENDS**

The total distribution of dividends for the year ended 30 June 2020 was £150,000.

**DIRECTOR**

N Burton held office during the whole of the period from 1st January 2019 to the date of this report.

Other changes in directors holding office are as follows:

M J Graves was appointed as a director after 30th June 2020 but prior to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD:**

N Burton - Director

29th June 2021

## **Report of the Independent Auditors to the Members of C.F.Struthers Limited**

### **Opinion**

We have audited the financial statements of C.F.Struthers Limited (the 'company') for the period ended 30th June 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30th June 2020 and of its loss for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

## **Report of the Independent Auditors to the Members of C.F.Struthers Limited**

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Peter Dearing BSc FCCA (Senior Statutory Auditor)  
for and on behalf of Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire HU2 8BA

29th June 2021

**Statement of Comprehensive Income**  
for the period 1st January 2019 to 30th June 2020

	Notes	Period 1.1.19 to 30.6.20		Year ended 31.12.18	
		£	£	£	£
<b>TURNOVER</b>	3		<b>5,422,948</b>		6,090,102
Cost of sales			<u><b>3,518,334</b></u>		<u>4,761,920</u>
<b>GROSS PROFIT</b>			<b>1,904,614</b>		1,328,182
Distribution costs		<b>133,849</b>		146,697	
Administrative expenses		<u><b>1,416,531</b></u>		<u>968,347</u>	
			<b>1,550,380</b>		1,115,044
<b>OPERATING PROFIT</b>	5		<b>354,234</b>		213,138
Exceptional item	6		<u><b>1,293,196</b></u>		-
			<b>(938,962)</b>		213,138
Interest receivable and similar income			<u><b>143</b></u>		<u>132</u>
			<b>(938,819)</b>		213,270
Interest payable and similar expenses	7		<u><b>63,178</b></u>		<u>16,635</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>			<b>(1,001,997)</b>		196,635
Tax on (loss)/profit	8		<u><b>(518,242)</b></u>		<u>40,227</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>			<b>(483,755)</b>		156,408
<b>OTHER COMPREHENSIVE INCOME</b>			<u>-</u>		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<u><b>(483,755)</b></u>		<u>156,408</u>



**Balance Sheet**  
**30th June 2020**

	Notes	2020 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		<b>2,369,749</b>		2,375,388
Investments	11		<u>1</u>		<u>-</u>
			<b>2,369,750</b>		2,375,388
<b>CURRENT ASSETS</b>					
Stocks	12	<b>1,168,369</b>		49,547	
Debtors	13	<b>4,124,843</b>		5,416,478	
Cash at bank and in hand		<u>496,155</u>		<u>238,820</u>	
		<b>5,789,367</b>		5,704,845	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u><b>1,562,507</b></u>		<u>1,625,375</u>	
<b>NET CURRENT ASSETS</b>			<u><b>4,226,860</b></u>		<u>4,079,470</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>6,596,610</b>		6,454,858
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<b>(820,491)</b>		(16,222)
<b>PROVISIONS FOR LIABILITIES</b>	19		<u>-</u>		<u>(28,762)</u>
<b>NET ASSETS</b>			<u><b>5,776,119</b></u>		<u>6,409,874</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		<b>100,000</b>		100,000
Revaluation reserve	21		<b>766,430</b>		766,430
Retained earnings	21		<u><b>4,909,689</b></u>		<u>5,543,444</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><b>5,776,119</b></u>		<u>6,409,874</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29th June 2021 and were signed on its behalf by:

N Burton - Director

**Statement of Changes in Equity**  
for the period 1st January 2019 to 30th June 2020

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2018</b>	100,000	5,457,036	766,430	6,323,466
<b>Changes in equity</b>				
Dividends	-	(70,000)	-	(70,000)
Total comprehensive income	-	156,408	-	156,408
<b>Balance at 31st December 2018</b>	<u>100,000</u>	<u>5,543,444</u>	<u>766,430</u>	<u>6,409,874</u>
<b>Changes in equity</b>				
Dividends	-	(150,000)	-	(150,000)
Total comprehensive income	-	(483,755)	-	(483,755)
<b>Balance at 30th June 2020</b>	<u>100,000</u>	<u>4,909,689</u>	<u>766,430</u>	<u>5,776,119</u>

**Cash Flow Statement**  
for the period 1st January 2019 to 30th June 2020

	Notes	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(181,627)	390,469
Interest paid		(58,717)	(13,514)
Interest element of hire purchase payments paid		(4,461)	(3,121)
Tax paid		33,363	(152,086)
Net cash from operating activities		<u>(211,442)</u>	<u>221,748</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(55,251)	(56,371)
Purchase of fixed asset investments		(1)	-
Sale of tangible fixed assets		42,953	15,001
Interest received		143	132
Net cash from investing activities		<u>(12,156)</u>	<u>(41,238)</u>
<b>Cash flows from financing activities</b>			
New loans in year		766,000	-
Loan repayments in year		(82,500)	(90,000)
Hire purchase contracts - capital repaid		(52,567)	(58,999)
Equity dividends paid		(150,000)	(70,000)
Net cash from financing activities		<u>480,933</u>	<u>(218,999)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>257,335</u>	<u>(38,489)</u>
<b>Cash and cash equivalents at beginning of period</b>	2	238,820	277,309
<b>Cash and cash equivalents at end of period</b>	2	<u>496,155</u>	<u>238,820</u>

**Notes to the Cash Flow Statement**  
for the period 1st January 2019 to 30th June 2020

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
(Loss)/profit before taxation	(1,001,997)	196,635
Depreciation charges	115,448	97,483
Profit on disposal of fixed assets	(15,385)	(1,688)
Finance costs	63,178	16,635
Finance income	(143)	(132)
	<u>(838,899)</u>	<u>308,933</u>
(Increase)/decrease in stocks	(1,118,822)	16,305
Decrease in trade and other debtors	1,629,788	985,467
Increase/(decrease) in trade and other creditors	146,306	(920,236)
<b>Cash generated from operations</b>	<u><b>(181,627)</b></u>	<u><b>390,469</b></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 30th June 2020**

	30.6.20 £	1.1.19 £
Cash and cash equivalents	<u>496,155</u>	<u>238,820</u>
<b>Year ended 31st December 2018</b>		
	31.12.18 £	1.1.18 £
Cash and cash equivalents	<u>238,820</u>	<u>277,309</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)**

	At 1.1.19 £	Cash flow £	Other non-cash changes £	At 30.6.20 £
<b>Net cash</b>				
Cash at bank and in hand	<u>238,820</u>	<u>257,335</u>		<u>496,155</u>
	<u>238,820</u>	<u>257,335</u>		<u>496,155</u>
<b>Debt</b>				
Finance leases	(47,012)	52,567	(82,126)	(76,571)
Debts falling due within 1 year	(82,500)	82,500	-	-
Debts falling due after 1 year	-	(766,000)	-	(766,000)
	<u>(129,512)</u>	<u>(630,933)</u>	<u>(82,126)</u>	<u>(842,571)</u>
<b>Total</b>	<u><b>109,308</b></u>	<u><b>(373,598)</b></u>	<u><b>(82,126)</b></u>	<u><b>(346,416)</b></u>

**Notes to the Financial Statements  
for the period 1st January 2019 to 30th June 2020**

**1. STATUTORY INFORMATION**

C.F.Struthers Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standards 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Going concern**

The directors have assessed the risks and uncertainties that may affect the company's ability to trade as a going concern. The directors have in particular considered the company's cashflow following a major customer entering into administration at the beginning of this financial period. As discussed in the strategic report, the company has (since the period end) acquired the patents previously held by this customer from the administrator and because of this the directors are confident that new contracts will be achieved which will have a positive impact on cash flow as the worldwide oil price continues to increase. The company has also reviewed its strategy and continues to expand its general fabrication work. Following this assessment, the financial statements have been prepared on a going concern basis, this assumes that the company will continue to be able to meet its financial liabilities as they fall due in the foreseeable future.

**Turnover**

When the outcome of long term contracts can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to costs incurred to date and estimated costs to complete. Where the outcome cannot be measured reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable. When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold property	- 2.5% on cost
Improvement to leasehold property	- 20% on cost
Plant and machinery etc	- 10% - 20% on cost
Fixtures and fittings	- 10% - 33.33% on cost
Motor Vehicles	- 25% on cost

Freehold property is valued by the directors using information available from professional valuations.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Contract work in progress is included in debtors stated at net realisable value. Cumulative turnover (i.e. the total turnover recorded in respect of the contract in the profit and loss accounts of all accounting periods since inception of the contract) is compared with total payments on account. If turnover exceeds payments on account an "amount recoverable on contracts" is established and separately disclosed within debtors. If payments on account are greater than turnover to date, the excess is classified within creditors.

**Notes to the Financial Statements - continued**  
**for the period 1st January 2019 to 30th June 2020**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

**Hire purchase and leasing commitments**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors. Minimum lease payments are apportioned between finance income and the reduction of the lease debtor with finance income allocated so as to produce a constant periodic rate of interest on the net investment in the finance lease. Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**Debtors and creditors receivable /payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses.

**3. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company wholly within the UK. The total amount of contract revenue recognised in the period was £5,422,948 (2018 £6,090,102).

**Notes to the Financial Statements - continued**  
for the period 1st January 2019 to 30th June 2020

**4. EMPLOYEES AND DIRECTORS**

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Wages and salaries	2,478,943	3,091,682
Social security costs	260,300	297,238
Other pension costs	168,812	127,497
	<u>2,908,055</u>	<u>3,516,417</u>

The average number of employees during the period was as follows:

	Period 1.1.19 to 30.6.20	Year ended 31.12.18
Management	15	15
Manufacturing	<u>49</u>	<u>64</u>
	<u>64</u>	<u>79</u>

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Directors' remuneration	43,391	34,822
Directors' pension contributions to money purchase schemes	<u>27,000</u>	<u>18,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

**5. OPERATING PROFIT**

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

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Depreciation - owned assets	77,753	61,613
Depreciation - assets on hire purchase contracts	37,695	35,870
Profit on disposal of fixed assets	(15,385)	(1,688)
Auditors' remuneration	13,500	13,500
Auditors' remuneration for non audit work	15,365	12,348
Foreign exchange differences	255	-
Operating lease rentals - Land and buildings	39,375	26,250
Operating lease rentals - Plant and machinery	<u>13,206</u>	<u>2,588</u>

**Notes to the Financial Statements - continued**  
for the period 1st January 2019 to 30th June 2020

**6. EXCEPTIONAL ITEM**

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Exceptional item	<u>(1,293,196)</u>	<u>-</u>

During the period the company suffered a substantial bad debt following a major customer entering administration. The exceptional item represents the total bad debt expense net of Value added tax and items previously being built for contracts which are now being held in stock.

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Bank interest	4,993	9,718
Other loan interest	53,724	3,796
Hire purchase interest	4,461	3,121
	<u>63,178</u>	<u>16,635</u>

**8. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the period was as follows:

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Current tax:		
UK corporation tax	-	37,743
(Over)/ under provision in prior periods	(330,277)	-
Total current tax	<u>(330,277)</u>	<u>37,743</u>
Origination and reversal of timing differences	(187,965)	2,484
Tax on (loss)/profit	<u>(518,242)</u>	<u>40,227</u>



**Notes to the Financial Statements - continued**  
**for the period 1st January 2019 to 30th June 2020**

**8. TAXATION - continued**

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
(Loss)/profit before tax	<u>(1,001,997)</u>	<u>196,635</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(190,379)	37,361
Effects of:		
Expenses not deductible for tax purposes	2,414	2,866
Prior period adjustments	<u>(330,277)</u>	<u>-</u>
Total tax (credit)/charge	<u><u>(518,242)</u></u>	<u><u>40,227</u></u>

**9. DIVIDENDS**

	Period 1.1.19 to 30.6.20 £	Year ended 31.12.18 £
Ordinary shares of £1 each		
Interim	<u>150,000</u>	<u>70,000</u>

**10. TANGIBLE FIXED ASSETS**

	Freehold property £	Improvement to leasehold property £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1st January 2019	2,095,000	69,408	1,164,521
Additions	-	-	51,420
Disposals	-	-	-
At 30th June 2020	<u>2,095,000</u>	<u>69,408</u>	<u>1,215,941</u>
<b>DEPRECIATION</b>			
At 1st January 2019	-	50,303	992,981
Charge for period	-	11,858	48,546
Eliminated on disposal	-	-	-
At 30th June 2020	<u>-</u>	<u>62,161</u>	<u>1,041,527</u>
<b>NET BOOK VALUE</b>			
At 30th June 2020	<u>2,095,000</u>	<u>7,247</u>	<u>174,414</u>
At 31st December 2018	<u>2,095,000</u>	<u>19,105</u>	<u>171,540</u>

Notes to the Financial Statements - continued  
for the period 1st January 2019 to 30th June 2020

## 10. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1st January 2019	125,581	224,792	3,679,302
Additions	3,831	82,126	137,377
Disposals	-	(117,822)	(117,822)
At 30th June 2020	129,412	189,096	3,698,857
<b>DEPRECIATION</b>			
At 1st January 2019	104,865	155,765	1,303,914
Charge for period	11,774	43,270	115,448
Eliminated on disposal	-	(90,254)	(90,254)
At 30th June 2020	116,639	108,781	1,329,108
<b>NET BOOK VALUE</b>			
At 30th June 2020	12,773	80,315	2,369,749
At 31st December 2018	20,716	69,027	2,375,388

Cost or valuation at 30th June 2020 is represented by:

	Freehold property £	Improvement to leasehold property £	Plant and machinery £
Valuation in 2012	313,699	-	-
Valuation in 2014	95,000	-	-
Cost	1,686,301	69,408	1,215,941
	2,095,000	69,408	1,215,941

  

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2012	-	-	313,699
Valuation in 2014	-	-	95,000
Cost	129,412	189,096	3,290,158
	129,412	189,096	3,698,857

If freehold land and buildings had not been revalued it would have been included at the following historical cost:

	2020 £	2018 £
Cost	1,686,301	1,686,301
Aggregate depreciation	610,678	610,678

Freehold property was valued on an open market basis on 30th June 2020 by the directors .

The valuation was based on a previous valuation undertaken by Clark Weightman Limited in July 2018, who valued the property at £2,095,000.

**Notes to the Financial Statements - continued**  
**for the period 1st January 2019 to 30th June 2020**

**10. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>			
At 1st January 2019	52,160	98,181	150,341
Additions	-	82,126	82,126
Disposals	-	(78,296)	(78,296)
Transfer to ownership	(23,160)	(19,885)	(43,045)
At 30th June 2020	<u>29,000</u>	<u>82,126</u>	<u>111,126</u>
<b>DEPRECIATION</b>			
At 1st January 2019	14,772	51,161	65,933
Charge for period	12,174	25,521	37,695
Eliminated on disposal	-	(50,728)	(50,728)
Transfer to ownership	(13,896)	(19,885)	(33,781)
At 30th June 2020	<u>13,050</u>	<u>6,069</u>	<u>19,119</u>
<b>NET BOOK VALUE</b>			
At 30th June 2020	<u>15,950</u>	<u>76,057</u>	<u>92,007</u>
At 31st December 2018	<u>37,388</u>	<u>47,020</u>	<u>84,408</u>

**11. FIXED ASSET INVESTMENTS**

	<b>Shares in group undertakings £</b>
<b>COST</b>	
Additions	1
At 30th June 2020	<u>1</u>
<b>NET BOOK VALUE</b>	
At 30th June 2020	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Struthers Energy & Power Limited**

Registered office: Millennium Works, Valletta Street, Hull, East Yorkshire, HU9 5NP

Nature of business: Dormant

	<b>% holding</b>	<b>2020 £</b>
Class of shares:		
Ordinary	100.00	
Aggregate capital and reserves		<u>1</u>

This company commenced trading 1st July 2020 following the corporate acquisition of intangible fixed assets comprising several patents.

**12. STOCKS**

	<b>2020 £</b>	<b>2018 £</b>
Raw materials and spare parts	<u>1,168,369</u>	<u>49,547</u>

**Notes to the Financial Statements - continued**  
for the period 1st January 2019 to 30th June 2020

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2018
	£	£
Trade debtors	164,479	1,946,141
Amounts owed by group undertakings	3,271,860	3,243,360
Amounts recoverable on long term contracts	273,008	190,043
Other debtors	1,374	1,875
Corporation tax	178,950	-
Deferred tax asset	159,203	-
Prepayments	75,969	35,059
	<u>4,124,843</u>	<u>5,416,478</u>

Deferred tax asset

	2020
	£
Accelerated capital allowances	<u>159,203</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2018
	£	£
Bank loans and overdrafts (see note 16)	-	82,500
Hire purchase contracts (see note 17)	22,080	30,790
Trade creditors	569,349	713,180
Corporation tax	-	117,964
Social security and other taxes	298,678	467,276
Other creditors	71,987	8,441
Accruals and deferred income	600,413	205,224
	<u>1,562,507</u>	<u>1,625,375</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2018
	£	£
Other loans (see note 16)	766,000	-
Hire purchase contracts (see note 17)	54,491	16,222
	<u>820,491</u>	<u>16,222</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2020	2018
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>82,500</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>766,000</u>	<u>-</u>

**Notes to the Financial Statements - continued**  
for the period 1st January 2019 to 30th June 2020

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2020</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Gross obligations repayable:		
Within one year	<b>26,199</b>	31,951
Between one and five years	<b>58,274</b>	16,513
	<b><u>84,473</u></b>	<u>48,464</u>
Finance charges repayable:		
Within one year	<b>4,119</b>	1,161
Between one and five years	<b>3,783</b>	291
	<b><u>7,902</u></b>	<u>1,452</u>
Net obligations repayable:		
Within one year	<b>22,080</b>	30,790
Between one and five years	<b>54,491</b>	16,222
	<b><u>76,571</u></b>	<u>47,012</u>
	<b>Non-cancellable</b>	<b>operating leases</b>
	<b>2020</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within one year	<b>35,054</b>	26,250
Between one and five years	<b>48,341</b>	52,500
	<b><u>83,395</u></b>	<u>78,750</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2020</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts	<b><u>76,571</u></b>	<u>47,012</u>

**19. PROVISIONS FOR LIABILITIES**

	<b>2018</b>
	<b>£</b>
Deferred tax	
Accelerated capital allowances	30,942
Short term timing differences	(2,180)
	<u>28,762</u>

Notes to the Financial Statements - continued  
for the period 1st January 2019 to 30th June 2020

19. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1st January 2019	28,762
Profit and loss account	(187,965)
Balance at 30th June 2020	<u>(159,203)</u>

The component parts of the deferred tax liability are: accelerated capital allowances £42,354 and short term timing differences £201,558 (2018: £30,942 and £2,038 respectively).

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2020 £ <u>100,000</u>	2018 £ <u>100,000</u>
100,000	Ordinary			

21. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1st January 2019	5,543,444	766,430	6,309,874
Deficit for the period	(483,755)	-	(483,755)
Dividends	(150,000)	-	(150,000)
At 30th June 2020	<u>4,909,689</u>	<u>766,430</u>	<u>5,676,119</u>

**Retained earnings**

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

**Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of tangible fixed assets where a policy of revaluation has been adopted.

22. 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 charge in the accounts in respect of pensions represents contributions payable by the company to the fund and amounted to £168,812 (2018 £127,497). Contributions of £19,368 were outstanding at 30th June 2020 (2018 11,476).

23. RELATED PARTY DISCLOSURES

Included in debtors are amounts due from group company's of £3,271,860 (2018 £3,243,360).

Other related party transactions are as follows:

**Key management personnel of the entity or its parent (in the aggregate)**

	2020 £ <u>6,975</u>	2018 £ <u>8,441</u>
Amount due to related party		

Notes to the Financial Statements - continued  
for the period 1st January 2019 to 30th June 2020

23. RELATED PARTY DISCLOSURES - continued

Other related parties

	2020	2018
	£	£
Sales	1,021,022	5,557,303
Amount due from related party	-	1,451,373

24. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the company is C F Struthers (Hull) Limited, and the ultimate parent undertaking is C F Struthers (Holdings) Limited.

The ultimate controlling party is N Burton.

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