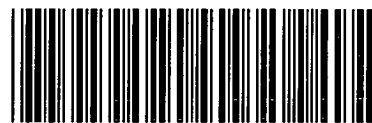


Company Registration No. 00752572 (England and Wales)

GEO. KINGSBURY MACHINE TOOLS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

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GEO. KINGSBURY MACHINE TOOLS LIMITED

COMPANY INFORMATION

Directors

C Kingsbury
M G Kingsbury
R G Kingsbury
P J Kingsbury
D J McGrath

Secretary

M W Kingsbury

Company number

00752572

Registered office

45 Portsmouth Road
Cobham
Surrey
KT11 1JQ

Auditor

RSM UK Audit LLP
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

GEO. KINGSBURY MACHINE TOOLS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company reported a profit before tax of £1,019,505 (2020: £639,191) and sales of £19,584,995 (2020: £23,910,872).

The company has net assets of £11,259,485 (2020: £10,209,207) at the balance sheet date including a cash balance of £7,330,625 (2020: £8,024,587).

The directors continue to recognise the importance of the company being a wholly owned subsidiary of Geo. Kingsbury Holdings Limited, a company with a strong balance sheet and no external borrowings.

Business environment and future developments

Our performance in 2021 has again been impacted by the downturn in the aerospace sector, which is one of our key markets. Despite the reduction in turnover the business has been able to trade profitably in 2021, and it is anticipated that this will continue in the next financial year.

Strategy

The primary aim and strategy of the company continues to be the sale of quality CNC lathes and milling & grinding machines to the UK manufacturing sector.

The company continues to be self-financing with no bank debt during this period.

Key performance indicators

The board and management monitor the progress of a number of KPIs as follows:

| | 2021 | 2020 |
|---|-------------|-------------|
| Sales | £19,584,995 | £23,910,872 |
| Sales decreased by 18% on the prior year. | | |

| | 2021 | 2020 |
|---|-------|-------|
| Gross margin | 22.5% | 14.4% |
| Gross margin increased by 8.1% on the prior year. | | |

| | 2021 | 2020 |
|---|------------|----------|
| Profit Before Tax | £1,019,505 | £639,191 |
| Profit before tax increased by 59% on the prior year. | | |

Principal risks and uncertainties

The performance of the business is aligned with the underlying performance of the UK economy, in particular the manufacturing industry.

The company's operations expose it to a variety of financial risks including foreign currency risk and credit risk. The directors consider that the company has no material exposure in these areas.

Competitive pressure is also a continuing risk for the company. To manage this risk, management strive to understand the market, customers and competitors, providing the best quality service and products.

GEO. KINGSBURY MACHINE TOOLS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

The company's principal financial instruments comprise sterling cash & bank deposits and currency forward contracts. In addition, there are debtor and creditor balances that arise directly from trading operations.

The main risks arising from the company's financial instruments can be analysed as follows:

Foreign currency risk

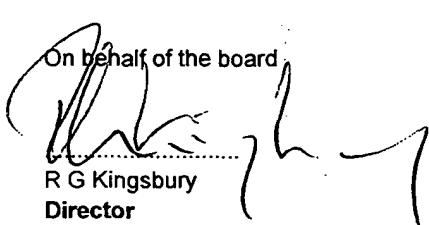
The company purchases most of its inventory in Euro. Currency risk is minimised by purchasing currency forward contracts.

Credit risk

Whilst there is no certainty that a sale will not become a bad debt, in the engineering division care has been taken to obtain credit references through the normal channels.

The company's bad debt record remains good.

On behalf of the board


R G Kingsbury
Director

Date: 31 August 2022

GEO. KINGSBURY MACHINE TOOLS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activities of the company are the sale of capital equipment for the engineering industries, the provision of spares for and the servicing of machine tools.

Directors

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

C Kingsbury
M G Kingsbury
R G Kingsbury
P J Kingsbury
D J McGrath

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events

Subsequent to the year end, the entity has undertaken significant capital expenditure to develop the services offered amounting to approximately £1,560,000. Within this amount are items committed to before the year end.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, Financial Risk Management and the use of financial instruments of the company.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


R G Kingsbury
Director

Date: 31 August 2022

GEO. KINGSBURY MACHINE TOOLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and the Directors' Report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO. KINGSBURY MACHINE TOOLS LIMITED

Opinion

We have audited the financial statements of Geo. Kingsbury Machine Tools Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO. KINGSBURY MACHINE TOOLS LIMITED (CONTINUED)

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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO. KINGSBURY MACHINE TOOLS LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and making enquiries with external tax advisors.

The audit engagement team identified the risk of management override of internal controls and revenue recognition in respect of long-term contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, as well as reviewing contracts spanning the year end and confirming that the correct recognition criteria had been used in light of the completion of performance obligations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Caroline Watson ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
31 August 2022

GEO. KINGSBURY MACHINE TOOLS LIMITED

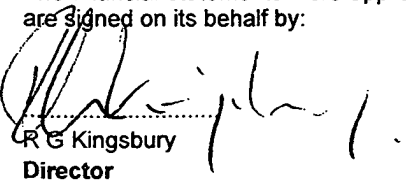
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|--|----------|------------------|------------------|
| Turnover | 3 | 19,584,995 | 23,910,872 |
| Cost of sales | | (15,175,326) | (20,457,631) |
| Gross profit | | 4,409,669 | 3,453,241 |
| Distribution costs | | (817,365) | (972,584) |
| Administrative expenses | | (2,350,993) | (1,942,577) |
| Other operating income | | 24,114 | 211,119 |
| Exceptional item | 4 | (201,000) | (250,000) |
| Operating profit | 5 | 1,064,425 | 499,199 |
| Interest receivable and similar income | 8 | 16,899 | 10,053 |
| Other gains and losses | 9 | (61,819) | 129,939 |
| Profit before taxation | | 1,019,505 | 639,191 |
| Tax on profit | 10 | 30,773 | (175,059) |
| Profit for the financial year | | 1,050,278 | 464,132 |

GEO. KINGSBURY MACHINE TOOLS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

| | Notes | 2021 £ | 2020 £ |
|---|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 5,858 | 11,099 |
| Tangible assets | 12 | 164,630 | 175,686 |
| Investments | 13 | 63,476 | 63,476 |
| | | <u>233,964</u> | <u>250,261</u> |
| Current assets | | | |
| Stocks | 15 | 2,239,773 | 4,307,736 |
| Debtors falling due after more than one year | 16 | 968,805 | - |
| Debtors falling due within one year | 16 | 8,191,087 | 4,363,356 |
| Cash at bank and in hand | | 7,330,625 | 8,024,587 |
| | | <u>18,730,290</u> | <u>16,695,679</u> |
| Creditors: amounts falling due within one year | 18 | <u>(7,704,769)</u> | <u>(6,736,733)</u> |
| Net current assets | | <u>11,025,521</u> | <u>9,958,946</u> |
| Total assets less current liabilities | | <u><u>11,259,485</u></u> | <u><u>10,209,207</u></u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 3,000,000 | 3,000,000 |
| Profit and loss reserves | 23 | 8,259,485 | 7,209,207 |
| Total equity | | <u><u>11,259,485</u></u> | <u><u>10,209,207</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 31 August 2022 and are signed on its behalf by:


R G Kingsbury
Director


P J Kingsbury
Director

GEO. KINGSBURY MACHINE TOOLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|------------|
| Balance at 1 January 2020 | 3,000,000 | 6,745,075 | 9,745,075 |
| Year ended 31 December 2020: | | | |
| Profit and total comprehensive income for the year | - | 464,132 | 464,132 |
| Balance at 31 December 2020 | 3,000,000 | 7,209,207 | 10,209,207 |
| Year ended 31 December 2021: | | | |
| Profit and total comprehensive income for the year | - | 1,050,278 | 1,050,278 |
| Balance at 31 December 2021 | 3,000,000 | 8,259,485 | 11,259,485 |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Geo. Kingsbury Machine Tools Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 45 Portsmouth Road, Cobham, Surrey, KT11 1JQ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of Geo. Kingsbury Machine Tools Limited are consolidated in the financial statements of Geo. Kingsbury Holdings Limited. The consolidated financial statements of Geo. Kingsbury Holdings Limited are available from its registered office, 45 Portsmouth Road, Cobham, Surrey, KT11 1JQ.

Going concern

The directors have considered the company's cash position and forecasts until December 2023 and based on this, have a reasonable expectation that, at the time of approving the financial statements, the company has adequate resources to continue in operational existence for at least 12 months from that date. The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover

Turnover represents amounts received and receivable for goods and services supplied to customers during the year and is recognised on despatch of goods or when formal agreement has been obtained from the customer that the goods are ready for despatch, and on the date that services are provided to customers, excluding value added tax.

Turnover also includes the commission receivable by the company on transactions in which it is regarded as acting as an agent and is recognised on despatch of goods and on the date that services are provided to customers.

In the case of long-term contracts, credit is taken appropriate to the stage of completion when the outcome of the contracts can be assessed with reasonable certainty.

Contracts are individually assessed and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained according to the stage of completion of each contract and credit is taken for the profit earned to date when the outcome of each contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as amounts recoverable on contracts and is included in debtors. To the extent that payments on account exceed contract turnover, the excess is included as a creditor.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------|-------------------|
| Software | 33% straight line |
|----------|-------------------|

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|---------------------|----------------------|
| Plant and machinery | 25% reducing balance |
| Computer equipment | 33% straight line |

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

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less costs expected to be incurred in attaining the realisable value.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

The cost of stocks is calculated by reference to the initial cost incurred by the company for the purchase of machinery, as well as the accumulated cost of the build time of machines to bring them into use for specific customers. The value of this build time is determined by reference to down payments made prior to the machine being completed and delivered to the customer.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and other short-term liquid investments with original maturities of three months or less.

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

Derivatives

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Derivatives are not basic financial instruments, and as such are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Amounts recoverable in respect of corporation tax relief on research and development projects are not recognised in the financial statements until submitted and approved by HMRC.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

In the opinion of the directors, there are no significant judgements or key sources of estimation uncertainty impacting amounts recognised in these financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Amounts due from subsidiary undertakings

The directors review the recoverability of amounts due from subsidiary undertakings on a regular basis to estimate whether any impairment is required. During the year an impairment of £201,000 (2020: £250,000) was recognised.

Revenue Recognition

Significant estimation and judgement is applied when determining the amounts of revenue recognised based upon the estimated cost to complete of a contract. Revenue is recognised to reflect the partial performance of contractual obligations.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Turnover derived from the company's principal activity | 19,584,995 | 23,910,872 |
| | <u> </u> | <u> </u> |
| | 2021 £ | 2020 £ |
| Other revenue | | |
| Interest income | 16,899 | 10,053 |
| Commissions received | 24,114 | 23,971 |
| Grants received | - | 187,148 |
| | <u> </u> | <u> </u> |
| | 2021 £ | 2020 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 13,558,038 | 10,727,152 |
| Europe | 6,026,957 | 13,183,720 |
| | <u> </u> | <u> </u> |
| | 19,584,995 | 23,910,872 |
| | <u> </u> | <u> </u> |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Exceptional item

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Expenditure | | |
| Provision for intercompany balance | 201,000 | 250,000 |

5 Operating profit

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 54,432 | (88,162) |
| Government grants | - | (187,148) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 18,000 | 17,750 |
| Depreciation of owned tangible fixed assets | 72,687 | 97,595 |
| (Profit)/loss on disposal of tangible fixed assets | (64) | 900 |
| Amortisation of intangible assets | 8,653 | 8,613 |
| Operating lease charges | 330,696 | 353,057 |

Government grants of £nil (2020: £187,148) represents grant income receivable in respect of the Coronavirus Job Retention Scheme in the UK.

6 Employees

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

| | 2021 Number | 2020 Number |
|----------------|----------------|----------------|
| Sales | 8 | 9 |
| Engineers | 34 | 36 |
| Administration | 10 | 11 |
| Total | 52 | 56 |

Their aggregate remuneration comprised:

| | 2021 £ | 2020 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,623,183 | 2,486,720 |
| Social security costs | 282,232 | 311,540 |
| Pension costs | 213,916 | 223,426 |
| Total | 3,119,331 | 3,021,686 |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Remuneration for qualifying services | 79,362 | 64,642 |
| Company pension contributions to defined contribution schemes | 5,586 | 5,343 |
| | <u>84,948</u> | <u>69,985</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

8 Interest receivable and similar income

| | 2021 £ | 2020 £ |
|---------------------------|---------------|---------------|
| Interest income | | |
| Interest on bank deposits | 4,149 | 10,053 |
| Other interest income | 12,750 | - |
| | <u>16,899</u> | <u>10,053</u> |

9 Other gains and losses

| | 2021 £ | 2020 £ |
|---|-----------------|----------------|
| Fair value losses on financial instruments | | |
| Amounts (written off)/written back to fair value through profit or loss | (61,819) | 129,939 |
| | <u>(61,819)</u> | <u>129,939</u> |

10 Taxation

| | 2021 £ | 2020 £ |
|--|-----------------|----------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 269,211 | 151,196 |
| Adjustments in respect of prior periods | (270,225) | 7,501 |
| | <u>(1,014)</u> | <u>158,697</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (36,874) | 23,336 |
| Changes in tax rates | (14,769) | (5,802) |
| Adjustment in respect of prior periods | 21,884 | (1,172) |
| | <u>(29,759)</u> | <u>16,362</u> |
| Total tax (credit)/charge | <u>(30,773)</u> | <u>175,059</u> |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Profit before taxation | 1,019,505 | 639,191 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 193,706 | 121,446 |
| Tax effect of expenses that are not deductible in determining taxable profit | 41,370 | 51,502 |
| Adjustments in respect of prior years | (270,225) | 7,501 |
| Deferred tax adjustments in respect of prior years | 21,884 | (1,172) |
| Tax charged at different rates | (14,769) | (5,801) |
| Fixed asset differences | (2,739) | 1,583 |
| Taxation (credit)/charge for the year | (30,773) | 175,059 |

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2020: 19%).

11 Intangible fixed assets

| | Software £ |
|------------------------------------|---------------|
| Cost | |
| At 1 January 2021 | 107,010 |
| Additions | 3,412 |
| At 31 December 2021 | 110,422 |
| Amortisation and impairment | |
| At 1 January 2021 | 95,911 |
| Amortisation charged for the year | 8,653 |
| At 31 December 2021 | 104,564 |
| Carrying amount | |
| At 31 December 2021 | 5,858 |
| At 31 December 2020 | 11,099 |

Amortisation has been charged through administrative expenditure.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

| | Plant and machinery £ | Computer equipment £ | Total £ |
|------------------------------------|-----------------------------|----------------------------|------------|
| Cost | | | |
| At 1 January 2021 | 603,168 | 280,675 | 883,843 |
| Additions | 46,918 | 15,066 | 61,984 |
| Disposals | - | (1,058) | (1,058) |
| At 31 December 2021 | 650,086 | 294,683 | 944,769 |
| Depreciation | | | |
| At 1 January 2021 | 444,723 | 263,434 | 708,157 |
| Depreciation charged in the year | 49,885 | 22,802 | 72,687 |
| Eliminated in respect of disposals | - | (705) | (705) |
| At 31 December 2021 | 494,608 | 285,531 | 780,139 |
| Carrying amount | | | |
| At 31 December 2021 | 155,478 | 9,152 | 164,630 |
| At 31 December 2020 | 158,445 | 17,241 | 175,686 |

Depreciation has been charged through administrative expenditure.

13 Fixed asset investments

| | Notes | 2021 £ | 2020 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 14 | 63,476 | 63,476 |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--------------------------------------|---|
| Cost | |
| At 1 January 2021 & 31 December 2021 | 63,476 |
| Carrying amount | |
| At 31 December 2021 | 63,476 |
| At 31 December 2020 | 63,476 |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|--------------------------------------|---|--|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Geo. Kingsbury Machine Tools DWC-LLC | P.O. Box 712784, Building A3, Office 513, Dubai, United Arab Emirates | Sale and service of capital equipment for the engineering industry | Ordinary | 100.00 | |

15 Stocks

| | 2021 £ | 2020 £ |
|---------------------------------|------------------|------------------|
| Consumable machine spares stock | 332,516 | 236,474 |
| Machines for resale | 1,907,257 | 4,071,262 |
| | <u>2,239,773</u> | <u>4,307,736</u> |

16 Debtors

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 4,077,250 | 2,461,709 |
| Amounts recoverable on long term contracts | 631,050 | 1,164,305 |
| Amounts due from subsidiary undertakings | 1,297,001 | 420,632 |
| Finance leases receivable | 138,967 | - |
| Other debtors | 10,374 | 22,369 |
| Prepayments and accrued income | 1,974,907 | 262,562 |
| | <u>8,129,549</u> | <u>4,331,577</u> |
| Deferred tax asset (note 19) | 61,538 | 31,779 |
| | <u>8,191,087</u> | <u>4,363,356</u> |
| Amounts falling due after one year: | | |
| Finance leases receivable | 968,805 | - |
| | <u>9,159,892</u> | <u>4,363,356</u> |
| Total debtors | <u>9,159,892</u> | <u>4,363,356</u> |

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Finance lease receivables

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| Gross amounts receivable under finance leases: | | |
| Within one year | 192,480 | - |
| In the second to fifth years inclusive | 769,920 | - |
| After five years | 352,880 | - |
| | <u>1,315,280</u> | <u>-</u> |
| Unearned finance income | (207,508) | - |
| | <u>1,107,772</u> | <u>-</u> |
| Present value of minimum lease payments receivable | <u>1,107,772</u> | <u>-</u> |
| The present value is receivable as follows: | | |
| Within one year | 138,967 | - |
| In the second to fifth years inclusive | 632,672 | - |
| After five years | 336,133 | - |
| | <u>1,107,772</u> | <u>-</u> |

Analysis of finance leases

The Company has entered into finance leasing arrangements for certain machinery. The average term of finance leases entered into is 7 years (2020: Nil).

18 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Payments received on account | 979,257 | 1,064,181 |
| Trade creditors | 4,160,806 | 3,884,244 |
| Amounts owed to group undertakings | - | 201,375 |
| Corporation tax | 129,412 | 151,196 |
| Other taxation and social security | 830,200 | 628,622 |
| Derivative financial instruments | 67,253 | 5,434 |
| Accruals and deferred income | 1,537,841 | 801,681 |
| | <u>7,704,769</u> | <u>6,736,733</u> |

Included within accruals is £5,800 (2020: £5,800) of outstanding pension contributions.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Deferred taxation

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

| | Assets 2021 £ | Assets 2020 £ |
|--------------------------------|---------------------|---------------------|
| Balances: | | |
| Other timing differences | 61,538 | 25,118 |
| Decelerated capital allowances | - | 6,661 |
| | <u>61,538</u> | <u>31,779</u> |
| | | 2021 |
| Movements in the year: | | £ |
| Asset at 1 January 2021 | | (31,779) |
| Credit to profit or loss | | (29,759) |
| | | <u>(61,538)</u> |
| Asset at 31 December 2021 | | <u>(61,538)</u> |

The deferred tax asset set out above is expected to reverse within 12 months and relates to timing differences on derivative financial instruments and fixed assets.

20 Financial instruments

| | 2021 £ | 2020 £ |
|---|---------------|--------------|
| Carrying amount of financial liabilities | | |
| Measured at fair value through profit or loss | | |
| - Other financial liabilities | 67,253 | 5,434 |
| | <u>67,253</u> | <u>5,434</u> |

Financial instruments measured at fair value have been determined by quoted market prices in an active market.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Retirement benefit schemes

| | 2021 | 2020 |
|---|---------|---------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 213,916 | 223,426 |

The Geo. Kingsbury Group operates a Group Pension Plan established with Scottish Life. Money purchase benefits are funded by contributions from employees and, for eligible employees, from the employer.

Defined benefit scheme

The Geo. Kingsbury Group operates a defined benefit pension scheme for employees aged over 18 ("the group scheme"), who commenced employment within the group before 7 August 2002, and had more than three months' service.

The company's contributions to the group scheme are based on pension costs across the Geo. Kingsbury Group as a whole and are accounted for on the basis of defined contributions as each individual company within the group is unable to identify its share of the underlying assets and liabilities of the scheme on a constant and reasonable basis. The Geo. Kingsbury Group defined benefit pension scheme was closed to future accrual on 6 April 2006.

Company contributions to the group scheme amounted to £69,600 (2020: £69,600).

1 director qualified for benefits (2020: 1)

Details of the actuarial valuation of the group scheme are included in the accounts of Geo. Kingsbury Holdings Limited.

22 Share capital

| | 2021 | 2020 | 2021 | 2020 |
|---|-----------|-----------|-----------|-----------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

23 Reserves

Profit and loss reserves

Retained earnings represent cumulative profit and loss net of distributions to owners.

GEO. KINGSBURY MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its motor vehicles. Leases are negotiated for an average term of 4 years and rentals are fixed for the entirety of the lease term.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2021 £ | 2020 £ |
|----------------------------|----------------|----------------|
| Within one year | 110,906 | 140,464 |
| Between one and five years | 72,262 | 132,640 |
| | <u>183,168</u> | <u>273,104</u> |

25 Financial commitments, guarantees and contingent liabilities

The company has entered into cross guarantees in respect of any overdrafts incurred by its parent and fellow subsidiaries. At 31 December 2021 the overdrafts were £nil (2020: £nil).

In addition, the company has entered into a guarantee over import duties with HM Revenue and Customs to the value of £200,000 (2020: £200,000).

26 Events after the reporting date

Subsequent to the year end, the entity has undertaken significant capital expenditure to develop the services offered amounting to approximately £1,560,000. Within this amount are items committed to before the year end.

27 Related party transactions

The company has taken advantage of the exemptions of Financial Reporting Standard 102 section 33.1A from disclosing transactions with fellow group companies.

28 Ultimate controlling party

The company's immediate and ultimate parent company is Geo. Kingsbury Holdings Limited, a company incorporated in England.

The directors do not consider there to be one ultimate controlling party beyond the ultimate parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by Geo. Kingsbury Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House.