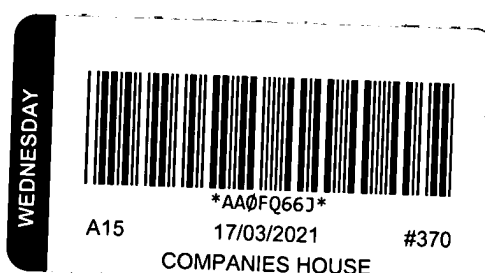


**KEPSTON HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**



# KEPSTON HOLDINGS LIMITED

## COMPANY INFORMATION

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### Directors

Mr B D Millage  
Mrs T J Millage

### Secretary

Mrs A S Taylor

### Company number

02593885

### Registered office

Unit 1  
Coppice Lane  
Aldridge  
Walsall  
West Midlands  
WS9 9AA

### Auditors

Edwards  
34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

# **KEPSTON HOLDINGS LIMITED**

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# KEPSTON HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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The directors present the strategic report and financial statements for the year ended 30 June 2020.

#### Results and dividends

The consolidated profit and loss account is set out on page 7 and shows the profit for the year.

The directors have declared and paid during the financial year a dividend amounting to £64,447 (2019 - £66,100). The directors do not recommend payment of a final dividend.

#### Review of the business

The company's principal activity is that of a management company. The group's principal activity is that of jig and general grinding, furnace brazing and heat treatment.

The group was pleased to report another profitable year, although there was a 6.6% decrease in the gross profit margin due to the increase in the national living wage. Substantial investments in both capital and personnel were made during the year. Operating profit was £176,218 compared with £612,181 in 2019 and this was mainly attributable to the increase in power and utility costs.

At 30 June 2020, the group had shareholders' funds of £4,765,587, distributable reserves of £4,744,085 and net current assets amounting to £1,437,346. The directors therefore believe the group's position at the year end to be satisfactory.

#### Principal risks and uncertainties

The directors have assessed the main risk facing the group to be continued competitive pressure on volumes and margins. The directors remain committed to mitigating this risk and developing business further through continued investment in people, the efficiency of company operations and by consistently developing innovative customer focused solutions. The policy of the group will continue to be that of providing the very highest standards and best possible service to its customers to develop business in line with that required to support the range of products it provides.

#### Key performance indicators

Key performance indicators are used to measure and evaluate company performance against targets and monitor various activities throughout the group. The main key performance indicators employed in the group are:

- Turnover levels (by product and market)
- Profit/(loss) levels (contribution, gross margin and net margin)
- Debtor days

The board monitor these on a monthly basis against budgets.

On behalf of the board



Mr B D Millage  
Director

Date: 16 March 2021

# **KEPSTON HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2020**

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The directors present their report and the financial statements for the year ended 30 June 2020.

### **Directors**

The directors of the company during the year were:

Mr B D Millage  
Mrs T J Millage

### **Financial instruments**

The group finances its operations through retained profits, operational bank accounts and bank loans, the interest on which are at market rate.

The directors' objectives are to retain sufficient liquid funds to enable the group to meet its day to day obligations as they fall due and to maximise returns on funds.

The group's funds are held primarily in current accounts which the directors believe give the group flexibility to release cash resources at short notice and allows the group to take advantage of changing economic and industry conditions as they rise.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations. The group performs credit checks for all significant customers to minimise bad debt risk.

### **Auditors**

The auditors, Edwards, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **Other matters**

On 11th March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management continue to closely monitor the evolution of this pandemic, including how it may affect the company, the economy and the general population further into the future. We currently have an appropriate response plan in place, and we will continue to monitor and assess the ongoing development and respond accordingly.

On behalf of the board



Mr B D Millage  
Director

Date: 16 March 2021

# **KEPSTON HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2020**

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The directors are responsible for preparing the Strategic Report, 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 (Financial Reporting Standard 102). 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 group and the company and of the profit or loss of the group 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.

# KEPSTON HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF KEPSTON HOLDINGS LIMITED

#### Opinion

We have audited the financial statements of Kepston Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow statement. 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 group's and the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis of 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent 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.

**Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year 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.

**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 and the Directors' Report.

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.



**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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 group's and the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



**David Webb FCA (Senior Statutory Auditor)**  
**For and on behalf of Edwards**

**Chartered Accountants**  
**Statutory Auditor**

Date: 16 March 2021

Edwards Accountants  
34 High Street  
Aldridge  
West Midlands  
WS9 8LZ

**KEPSTON HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 £	2019 £
Turnover	3	5,282,965	5,721,668
Cost of sales		(3,286,721)	(3,180,980)
<b>Gross profit</b>		<b>1,996,244</b>	<b>2,540,688</b>
Distribution costs		(206,757)	(214,478)
Administrative expenses		(1,613,169)	(1,714,029)
Loss on disposal of fixed asset investments		(100)	-
<b>Operating profit</b>	4	<b>176,218</b>	<b>612,181</b>
Other interest receivable and similar income	7	3,321	4,873
Interest payable and similar charges	8	(31,688)	(30,140)
<b>Profit on ordinary activities before taxation</b>		<b>147,851</b>	<b>586,914</b>
Taxation on profit on ordinary activities	10	(32,000)	(113,707)
<b>Profit on ordinary activities after taxation</b>		<b>115,851</b>	<b>473,207</b>
Equity minority interest		(1,323)	(15,100)
<b>Profit for the financial year</b>		<b>114,528</b>	<b>458,107</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 12 to 23 form part of these financial statements.

## CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	12		4,310,259		3,992,739
<b>Current assets</b>					
Stock		-		39,407	
Debtors	14	1,555,136		1,426,374	
Cash at bank and in hand		781,777		1,398,016	
		<u>2,336,913</u>		<u>2,863,797</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(899,567)</u>		<u>(1,146,550)</u>	
<b>Net current assets</b>			<u>1,437,346</u>		<u>1,717,247</u>
<b>Total assets less current liabilities</b>			<u>5,747,605</u>		<u>5,709,986</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(497,018)</u>		<u>(542,803)</u>
<b>Provisions for liabilities</b>	17		<u>(485,000)</u>		<u>(453,000)</u>
<b>Net assets</b>			<u>4,765,587</u>		<u>4,714,183</u>
<b>Capital and reserves</b>					
Called up share capital	19		10,967		10,967
Capital redemption reserve			10,535		10,535
Profit and loss account			4,552,370		4,502,289
<b>Shareholders' funds</b>			<u>4,573,872</u>		<u>4,523,791</u>
<b>Equity minority interest</b>			<u>191,715</u>		<u>190,392</u>
			<u>4,765,587</u>		<u>4,714,183</u>

The financial statements were approved by the board of directors and authorised for issue on 16 March 2021.

  
Mr B D Millage  
Director

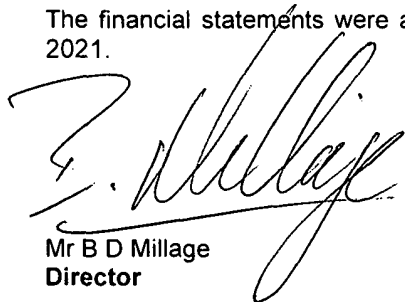
The notes on pages 12 to 23 form part of these financial statements.

## COMPANY BALANCE SHEET

AT 30 JUNE 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Investments	13		297,657		297,657
<b>Current assets</b>					
Cash at bank and in hand		28,792		27,463	
<b>Creditors: amounts falling due within one year</b>	15	(253,941)		(269,848)	
<b>Net current liabilities</b>			(225,149)		(242,385)
<b>Total assets less current liabilities</b>			72,508		55,272
<b>Capital and reserves</b>					
Called up share capital	19		10,967		10,967
Capital redemption reserve			10,535		10,535
Profit and loss account			51,006		33,770
<b>Shareholders' funds</b>			72,508		55,272

The financial statements were approved by the board of directors and authorised for issue on 16 March 2021.



Mr B D Millage  
Director

The notes on pages 12 to 23 form part of these financial statements.

**KEPSTON HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2020**

**Group**

	Share capital £	Other reserves £	Profit and loss account £	Amounts attributable to owners of parent £	Non- controlling interests £	Total £
As at 1 July 2018	10,967	10,535	4,285,574	4,110,282	175,292	4,307,076
Profit for the year	-	-	473,207	458,107	15,100	473,207
Dividends	-	-	(66,100)	(66,100)	-	(66,100)
As at 1 July 2019	10,967	10,535	4,692,681	4,502,289	190,392	4,714,183
Profit for the year	-	-	115,851	114,528	1,323	115,851
Dividends	-	-	(64,447)	(64,447)	-	(64,447)
As at 30 June 2020	10,967	10,535	4,744,085	4,552,370	191,715	4,765,587

**Company**

	Share capital £	Other reserves £	Profit and loss account £	Total £
As at 1 July 2018	10,967	10,535	32,008	53,510
Profit for the year	-	-	67,862	67,862
Dividends	-	-	(66,100)	(66,100)
As at 1 July 2019	10,967	10,535	33,770	55,272
Profit for the year	-	-	81,683	81,683
Dividends	-	-	(64,447)	(64,447)
As at 30 June 2020	10,967	10,535	51,006	72,508

The notes on pages 12 to 23 form part of these financial statements.

**KEPSTON HOLDINGS LIMITED**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 £	2019 £
<b>Net cash from operating activities</b>	24	137,414	970,368
<b>Returns on investment and servicing of finance</b>			
Interest received		3,321	4,873
Interest paid		(31,688)	(30,140)
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(28,367)</b>	<b>(25,267)</b>
<b>Corporation tax paid</b>		<b>(18,208)</b>	<b>(110,519)</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(405,113)	(548,415)
Receipts from the sale of tangible fixed assets		72,000	-
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(333,113)</b>	<b>(548,415)</b>
<b>Dividends paid</b>		<b>(64,447)</b>	<b>(66,100)</b>
<b>Net cash inflow/(outflow) before use of financing</b>		<b>(306,721)</b>	<b>220,067</b>
<b>Financing</b>			
Repayment under hire purchase contracts		(309,518)	(186,908)
<b>Cash outflow from financing</b>		<b>(309,518)</b>	<b>(186,908)</b>
<b>Increase/(decrease) in cash</b>		<b>(616,239)</b>	<b>33,159</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,398,016</b>	<b>1,364,857</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>781,777</b>	<b>1,398,016</b>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		781,777	1,398,016
Bank overdraft		-	-
<b>Cash and cash equivalents</b>		<b>781,777</b>	<b>1,398,016</b>

The notes on pages 12 to 23 form part of these financial statements.

# KEPSTON HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

#### Company information

Kepston Holdings Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit 1, Coppice Lane, Aldridge, Walsall, West Midlands, WS9 9AA.

#### 1.1 Accounting convention

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

The financial statements are presented in sterling, which is the functional currency of the group. 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 are set out below.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts.

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods can be passed to the buyer (usually on the dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets and depreciation

Tangible assets are stated at cost, net of depreciation, and any provisions for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at the following annual rates in order to write off each asset over its estimated useful life:

Freehold land	- Nil rate
Freehold buildings	- 2% straight line
Plant and machinery	- 10% - 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures, fittings and equipment	- 10% - 25% reducing balance

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

#### 1.5 Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**1 Accounting policies (continued)**

**1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

**1.7 Cash and cash equivalents**

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

**1.8 Financial instruments**

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# KEPSTON HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 1 Accounting policies (continued)

##### 1.9 Taxation

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

##### **Current taxation**

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

##### **Deferred taxation**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### 1.10 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.12 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating lease, 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 the economic benefits from the lease asset are consumed.

##### 1.13 Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Relevant transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**KEPSTON HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2020****2 Critical accounting estimates and judgements**

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

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

**Critical judgements**

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

**Stock**

As stock is carried at the lower of cost and net realisable value this requires the estimation of the eventual sales price of goods to customers in the future. A high degree of judgement is applied when estimating the impact on the carrying value of stock of factors such as slow moving items, shrinkage, damage and obsolescence. The quantity, age and condition of inventories are regularly measured and assessed as part of inventory counts undertaken throughout the year.

**3 Turnover**

	2020 £	2019 £
Analysis by geographical market		
United Kingdom	5,250,642	5,671,861
Europe	32,323	49,807
	<u>5,282,965</u>	<u>5,721,668</u>

Turnover is wholly attributable to the principal activity of the group.

**4 Operating profit**

	2020 £	2019 £
This is arrived at after charging/(crediting):		
Depreciation on owned tangible fixed assets	287,384	256,134
Depreciation of tangible fixed assets held under finance leases	139,918	91,177
Profit on disposal of tangible fixed assets	(29,415)	-
Auditors' remuneration	14,500	14,500
Operating lease rentals	199,919	164,537
	<u>592,306</u>	<u>526,348</u>

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**5 Employees**

Staff costs (including directors) consist of:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Wages and salaries	2,120,605	2,185,034
Social security costs	164,385	189,658
Other pension costs	76,548	81,010
	<u>2,361,538</u>	<u>2,455,702</u>

The average number of employees (including directors) during the year was as follows:

	<b>Group 2020 Number</b>	<b>Group 2019 Number</b>
Production	53	48
Administration	21	22
	<u>74</u>	<u>70</u>

**6 Directors' remuneration**

	<b>2020 £</b>	<b>2019 £</b>
Directors' emoluments	97,646	124,117
Company contributions to money purchase pension schemes	18,000	30,445
	<u>115,646</u>	<u>154,562</u>

There was 1 director in the group's defined contribution pension scheme during the year (2019 - 1).

The directors of the company are deemed to be key management personnel.

**7 Other interest receivable and similar income**

	<b>2020 £</b>	<b>2019 £</b>
Bank deposits	3,321	4,873
	<u>3,321</u>	<u>4,873</u>

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**8 Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts	31,688	30,140
	<u>          </u>	<u>          </u>

**9 Dividends**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid	64,447	66,100
	<u>          </u>	<u>          </u>

**10 Taxation on profit on ordinary activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<i>UK corporation tax</i>		
Current tax on profit for the year	-	18,207
Adjustment in respect of previous years	-	-
	<u>          </u>	<u>          </u>
Total current tax	-	18,207
<i>Deferred tax</i>		
Origination and reversal of timing differences	32,000	95,500
	<u>          </u>	<u>          </u>
Taxation on profit on ordinary activities	<u>32,000</u>	<u>113,707</u>

**KEPSTON HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2020****10 Taxation on profit on ordinary activities (continued)**

	2020 £	2019 £
Profit on ordinary activities before tax	147,851	586,914
Profit on ordinary activities at the standard rate of corporation tax in the UK 19% (2019 – 19%)	28,092	111,514
Effect of: Expenses not deductible for tax purposes	3,908	2,193
Tax charge for the year	32,000	113,707

**11 Profit for the financial year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £81,683 (2019 – £67,862) which is dealt with in the financial statements of the parent company.

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**12 Tangible fixed assets**

**Group**

	<b>Freehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 July 2019	553,534	6,016,231	150,779	669,452	7,389,996
Additions	24,695	632,365	1,000	129,347	787,407
Disposals	-	(145,265)	-	-	(145,265)
<b>At 30 June 2020</b>	<b>578,229</b>	<b>6,503,331</b>	<b>151,779</b>	<b>798,799</b>	<b>8,032,138</b>
<b>Depreciation</b>					
At 1 July 2019	97,450	2,850,082	39,043	410,682	3,397,257
Provided for the year	8,010	356,282	27,935	35,075	427,302
Disposals	-	(102,680)	-	-	(102,680)
<b>At 30 June 2020</b>	<b>105,460</b>	<b>3,103,684</b>	<b>66,978</b>	<b>445,757</b>	<b>3,721,879</b>
<b>Net book value</b>					
At 30 June 2020	472,769	3,399,647	84,801	353,042	4,310,259
At 30 June 2019	456,084	3,166,149	111,736	258,770	3,992,739

Included above are assets held under finance leases or hire purchase contracts as follows:

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Net book value</b>			
At 30 June 2020	1,070,444	65,215	1,135,659
At 30 June 2019	795,460	97,819	893,279
<b>Depreciation charge for the year</b>			
Year ended 30 June 2020	107,311	32,607	139,918
Year ended 30 June 2019	58,570	32,607	91,177

The cost of non-depreciable assets included in freehold land and buildings was £153,053 (2019 - £153,053).

The company has no tangible fixed assets.

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**13 Fixed asset investments**

**Company**

	<b>Subsidiary undertakings £</b>
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	297,657
<b>Net book value</b>	
At 30 June 2020	297,657
At 30 June 2019	297,657

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Kepston Limited	Jig and general grinding, furnace brazing and heat treatment.	Ordinary	96.14%
Kepston Mtech Limited	Dormant	Ordinary	100.00%

During the year, the company's wholly owned subsidiary, Keptech Limited, was dissolved.

**14 Debtors**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Trade debtors	1,262,578	1,105,923	-	-
Prepayments and accrued income	146,642	146,597	-	-
Other debtors	145,916	173,854	-	-
	<u>1,555,136</u>	<u>1,426,374</u>	<u>-</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year.

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**15 Creditors: amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Trade creditors	327,935	617,225	-	-
Amounts owed to group undertakings	-	-	253,340	253,340
Corporation tax	-	18,208	-	15,906
Other taxation and social security	77,650	58,726	-	-
Obligations under hire purchase contracts	357,574	239,013	-	-
Other creditors	13,519	11,840	-	-
Accruals and deferred income	122,889	201,538	601	602
	<u>899,567</u>	<u>1,146,550</u>	<u>253,941</u>	<u>269,848</u>

**16 Creditors: amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Obligations under hire purchase contracts	497,018	542,803	-	-
	<u>497,018</u>	<u>542,803</u>	<u>-</u>	<u>-</u>
Maturity of debt:				
	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
In one year or less, or on demand	357,574	239,013	-	-
In more than one year but not more than two years	497,018	285,475	-	-
In more than two years but not more than five years	-	257,328	-	-
After more than five years	-	-	-	-
	<u>854,592</u>	<u>781,816</u>	<u>-</u>	<u>-</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.



**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**17 Provisions for liabilities**

**Group**

	<b>Deferred taxation £</b>
At 1 July 2019	453,000
Charged to profit and loss account	32,000
	<hr/>
At 30 June 2020	485,000
	<hr/>

**Deferred taxation**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Accelerated capital allowances	560,000	453,000
Trading losses	(75,000)	-
	<hr/>	<hr/>
	485,000	453,000
	<hr/>	<hr/>

The company has no provisions for liabilities at 30 June 2020 (2019 - £Nil).

**18 Pensions**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £76,548 (2019 - £81,010). At 30 June 2020, contributions amounting to £12,793 (2019 - £11,112) were payable to the fund and are included in creditors.

**19 Share capital**

	<b>2020 £</b>	<b>2019 £</b>
<b>Allotted, called up and fully paid</b>		
10,967 Ordinary shares of £1 each	10,967	10,967
	<hr/>	<hr/>

**20 Capital commitments**

Amounts contracted for but not provided in the group financial statements:

	<b>2020 £</b>	<b>2019 £</b>
Acquisition of property, plant and equipment	8,500	434,801
	<hr/>	<hr/>

The company had no capital commitments.

**KEPSTON HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**21 Commitments under operating leases**

At 30 June 2020, the group had annual commitments under non-cancellable operating leases as set out below:

	2020 £	2019 £
Operating leases which expire:		
Within one year	174,000	179,656
In two to five years	458,790	552,156
After five years	150,000	190,000
	<u>782,790</u>	<u>921,812</u>

The company had no annual commitments under non-cancellable operating leases.

**22 Ultimate controlling party**

The company is controlled by Mr B D Millage by virtue of his 100% interest in the issued share capital of the company.

**23 Related party disclosures**

At 30 June 2020, included within other debtors is an amount of £9,533 (2019 – £9,533) payable by Mrs T Millage, a director. The loan will be repaid within the next 12 months.

**24 Note to the statement of cash flows**

	2020 £	2019 £
<b>Profit for the year</b>	115,851	473,207
Tax on profit on ordinary activities	32,000	113,707
Interest paid	31,688	30,140
Interest received	(3,321)	(4,873)
	<u>176,218</u>	<u>612,181</u>
<b>Operating profit</b>	<b>176,218</b>	<b>612,181</b>
Profit on disposal of fixed assets	(29,415)	-
Depreciation of tangible fixed assets	427,302	347,311
Decrease/(increase) in stocks	39,407	-
Increase in debtors	(128,762)	(206,987)
(Decrease)/increase in creditors	(347,336)	217,863
	<u>137,414</u>	<u>970,368</u>
<b>Cash flow from operating activities</b>	<b>137,414</b>	<b>970,368</b>