

Registered number: 03136077

R & D EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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R & D EUROPE LIMITED

COMPANY INFORMATION

Directors	A M Drienik T White M Stiles
Company secretary	S Ennis
Registered number	03136077
Registered office	Leverage House 1 Hamilton Road SUTTON IN ASHFIELD Nottinghamshire NG17 5LD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Holly Street Sheffield South Yorkshire S1 2GT
Bankers	National Westminster Bank Plc 148-149 Victoria Centre Nottingham NG1 3QT
Solicitors	Ashton Bond Gigg Pearl Assurance House Friar Lane Nottingham NG1 6BX

R & D EUROPE LIMITED

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R & D EUROPE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Company is a solution provider to the ISBM Single Stage Market, we offer Product evaluation, tooling design, manufacturing of tooling and Technical Service assistance in the Product Solution Laboratory (PSL). We offer research and development for bottles, jars, material and colour trials and production tooling qualification.

Business review and future developments

The profit for the year, after taxation, amounted to £80,094 (2018: £129,359).

We saw our sales revenue fall in 2019 due to a one off order in 2018. If this order is taken out of the equation then sales remained in line with 2018. We started the year slowly and picked up towards the end of the year. The pound sterling remained weak throughout the year which meant R&D received orders at a competitive rate.

2019 saw positive results from the previous work put in by the sales team with healthy orders being received from our Global customers. Our Product Solution Laboratory now has a total of ten Injection Stretch Blow moulding machines installed, this facility is recognized as a world leading research and development for bottles and jars manufactured by the Single Stage process. We continue to attract more Brand Owners to this facility to work directly on their new projects.

Principal risks and uncertainties

UK to leave the EU

With no clear agreements in place for movement of goods or freedom of movement of EU nationals we could well see a downturn of our European business through uncertainty. Already we are being challenged by several of our European customers as to what is going to happen post Brexit. We are continuing to monitor the situation and will work with our US colleagues to mitigate any possible effects on the UK business.

Interest Rate Risk

The Company finances its operation through a mixture of retained profits, cash at bank and finance leases. The Company's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through finance leases and short term flexibility is achieved through overdraft facilities.

Currency Risk

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the Company maintains a bank balance in foreign currencies to mitigate this risk.

Financial Instruments

The Company uses financial instruments, other than derivatives, comprising borrowing, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risk arising from the Company's financial instruments are interest rate risk, liquidity risk and currency risk. The Directors review and agree policies for managing each of these risks. The policies have remained unchanged from previous periods.

R & D EUROPE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

The financial and non financial KPIs of the Company are:

	2019	2018
Deliveries to be made on time to be above 99.7%	98.98%	97.52%
Adjusted debtor days to be below 30 days	8.7	5.7
Adjusted creditor days to be 45 days	79.5	82.8
Overtime to be below 4 hours per employee per week	3.0	4.4
Manage cash within limits	Yes	Yes

Performance against these KPIs has been acceptable during the year.

This report was approved by the board on 23/7/2020

and signed on its behalf.

Tim White

T White
Director

R & D EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £80,094 (2018: £196,379).

Directors

The directors who served during the year were:

A M Drienik
T White
M Stiles

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company and 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments

Information for future developments is included in the Strategic Report.

R & D EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern and the impact of Covid-19

The financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Company, its trading performance in 2019 and cash flows are detailed in the Strategic Report and they demonstrate the robust position of the Company heading into 2020.

The directors have prepared forecasts covering the period to December 2021 which was approved by the Board in May 2020. The forecasts reflect the nature of the 2019 trading performance and the current political and economic uncertainty and pricing pressures in the market, including the potential impact of COVID-19 which is considered below.

The uncertainty as to the future impact on the Company of the COVID-19 pandemic has been separately considered as part of the directors' consideration of the going concern basis of preparation. The company has stayed open during the lockdown to manufacture tooling for the health industry. This has had positive effects in the short term. A major competitor has been forced to close due to Covid-19 and this in turn has had a further positive effect on the company's output and order book. Indications are that this will be a record sales year for the company. However, it is expected that there will be increased pressure when some of our competitors return to the market.

Scenario analysis has been performed to consider the worst case impact of the COVID-19 pandemic on the Company's trading and cash flow forecasts. In preparing this analysis, a number of scenarios were modelled ranging from a 100% drop in customer orders for July, August and September, resulting in sales for the Sept to Oct period being only 10% of those usually made. This was followed by a gradual recovery from December through to March 2021. This scenario included all employees being retained on full pay and although this resulted in a large forecast loss, existing cash resources were adequate and indicated the company could maintain liquidity. Other scenarios were considered with management adopting the usual business operation scenario as opposed to the improved sales scenario.

Whilst Covid 19 has had a devastating impact across the globe, there have been pockets of success, most notably in the health supply sector. Although R&D are not exclusively within this sector, they do supply into this area. The directors feel that R&D have sufficient resources to trade through this calendar year and for at least the 12 months after. As a result, the company can be considered to fulfil the going concern criteria in preparing the financial statement. Additionally the parent company has committed to provide further financial support should it be needed.

As a result of the above, the directors have prepared the financial statements on a going concern basis and they do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

R & D EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23/7/2020 and signed on its behalf.

Tim White

T White
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R & D EUROPE LIMITED

Opinion

We have audited the financial statements of R & D Europe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 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 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 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R & D EUROPE LIMITED (CONTINUED)

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R & D EUROPE LIMITED (CONTINUED)

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R & D EUROPE LIMITED (CONTINUED)

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: 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.

Grant Thornton UK LLP

Peter Edwards BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date: 24/7/2020

R & D EUROPE LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	7,335,709	8,341,850
Cost of sales		(2,979,631)	(3,718,234)
Gross profit		4,356,078	4,623,616
Administrative expenses		(4,260,890)	(4,445,277)
Operating profit	5	95,188	178,339
Interest receivable and similar income	8	1,805	399
Interest payable and similar charges	9	(69,232)	(49,379)
Profit on ordinary activities before taxation		27,761	129,359
Tax on profit on ordinary activities	10	52,333	67,020
Profit after tax		80,094	196,379
Retained earnings at the beginning of the year		3,343,806	3,147,427
Profit for the year attributable to the owners of the parent		80,094	196,379
Retained earnings at the end of the year		3,423,900	3,343,806

There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated Statement of Income and Retained Earnings.

All amounts relate to continuing operations.

The notes on pages 16 to 35 form part of these financial statements.

R & D EUROPE LIMITED
REGISTERED NUMBER:03136077

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	5,110,743	5,700,673
		<u>5,110,743</u>	<u>5,700,673</u>
Current assets			
Stocks	13	537,729	456,280
Debtors: amounts falling due within one year	14	442,405	605,726
Cash at bank and in hand	15	954,692	762,414
		<u>1,934,826</u>	<u>1,824,420</u>
Creditors: amounts falling due within one year	16	(1,991,549)	(2,227,372)
Net current liabilities		<u>(56,723)</u>	<u>(402,952)</u>
Total assets less current liabilities		<u>5,054,020</u>	<u>5,297,721</u>
Creditors: amounts falling due after more than one year	17	(1,086,716)	(1,424,607)
Provisions for liabilities			
Deferred taxation	21	(230,513)	(204,608)
		<u>(230,513)</u>	<u>(204,608)</u>
Accruals and deferred income	22	(62,891)	(74,700)
Net assets		<u><u>3,673,900</u></u>	<u><u>3,593,806</u></u>
Capital and reserves			
Called up share capital	24	250,000	250,000
Profit and loss account	23	3,423,900	3,343,806
Equity attributable to owners of the parent Company		<u><u>3,673,900</u></u>	<u><u>3,593,806</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/7/2020

Tim White

T White
Director

The notes on pages 16 to 35 form part of these financial statements.

R & D EUROPE LIMITED
REGISTERED NUMBER:03136077

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	12	683,212	683,212
Net assets		<u>683,212</u>	<u>683,212</u>
Capital and reserves			
Called up share capital	24	250,000	250,000
Profit and loss account brought forward			
Profit and loss account carried forward	23	433,212	433,212
		<u>683,212</u>	<u>683,212</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23/7/2020

T White
Director *Tim White*

The notes on pages 16 to 35 form part of these financial statements.

R & D EUROPE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	80,094	196,379
Adjustments for:		
Depreciation of tangible assets	887,062	778,498
Loss on disposal of tangible assets	(1,000)	(7,500)
Government grants	(11,809)	(14,721)
Interest paid	69,232	49,379
Interest received	(1,805)	(399)
Taxation charge	(52,333)	(67,020)
(Increase)/decrease in stocks	(81,449)	141,557
Decrease in debtors	163,321	75,587
(Decrease) in creditors	(313,715)	(338,160)
Increase/(decrease) in amounts owed to groups	42,129	(232,336)
Corporation tax received/(paid)	89,259	(25,911)
Net cash generated from operating activities	<u>868,986</u>	<u>555,353</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(297,382)	(1,452,474)
Sale of tangible fixed assets	1,250	325,000
Interest received	1,805	399
Net cash from investing activities	<u>(294,327)</u>	<u>(1,127,075)</u>

R & D EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Repayment of loans	(83,994)	(82,452)
Repayment of/new finance leases	(229,155)	452,442
Interest paid	(69,232)	(49,379)
Net cash used in financing activities	<u>(382,381)</u>	<u>320,611</u>
Net increase/(decrease) in cash and cash equivalents	<u>192,278</u>	<u>(251,111)</u>
Cash and cash equivalents at beginning of year	762,414	1,013,525
Cash and cash equivalents at the end of year	<u><u>954,692</u></u>	<u><u>762,414</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	954,692	762,414
	<u><u>954,692</u></u>	<u><u>762,414</u></u>

The notes on pages 16 to 35 form part of these financial statements.

R & D EUROPE LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	762,414	192,278	-	-	954,692
Debt due after 1 year	(666,948)	-	-	86,892	(580,056)
Debt due within 1 year	(78,076)	-	-	(2,898)	(80,974)
Finance leases	(1,131,669)	-	229,155	-	(902,514)
	<u>(1,114,279)</u>	<u>192,278</u>	<u>229,155</u>	<u>83,994</u>	<u>(608,852)</u>

The notes on pages 16 to 35 form part of these financial statements.

R & D EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

R & D Europe Limited (the "Company") is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Leverage House, Hamilton Road, Sutton in Ashfield, Nottinghamshire, NG17 5LD.

The principal activity of R & D Europe Limited is that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiary ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquire's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.3 Going concern**

The financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Company, its trading performance in 2019 and cash flows are detailed in the Strategic Report and they demonstrate the robust position of the Company heading into 2020.

The directors have prepared forecasts covering the period to December 2021 which was approved by the Board in May 2020. The forecasts reflect the nature of the 2019 trading performance and the current political and economic uncertainty and pricing pressures in the market, including the potential impact of COVID-19 which is considered below.

The uncertainty as to the future impact on the Company of the COVID-19 pandemic has been separately considered as part of the directors' consideration of the going concern basis of preparation. The company has stayed open during the lockdown to manufacture tooling for the health industry. This has had positive effects in the short term. A major competitor has been forced to close due to Covid-19 and this in turn has had a further positive effect on the company's output and order book. Indications are that this will be a record sales year for the company. However, it is expected that there will be increased pressure when some of our competitors return to the market.

Scenario analysis has been performed to consider the worst case impact of the COVID-19 pandemic on the Company's trading and cash flow forecasts. In preparing this analysis, a number of scenarios were modelled ranging from a 100% drop in customer orders for July, August and September, resulting in sales for the Sept to Oct period being only 10% of those usually made. This was followed by a gradual recovery from December through to March 2021. This scenario included all employees being retained on full pay and although this resulted in a large forecast loss, existing cash resources were adequate and indicated the company could maintain liquidity. Other scenarios were considered with management adopting the usual business operation scenario as opposed to the improved sales scenario.

Whilst Covid 19 has had a devastating impact across the globe, there have been pockets of success, most notably in the health supply sector. Although R&D are not exclusively within this sector, they do supply into this area. The directors feel that R&D have sufficient resources to trade through this calendar year and for at least the 12 months after. As a result, the company can be considered to fulfil the going concern criteria in preparing the financial statement. Additionally the parent company has committed to provide further financial support should it be needed.

As a result of the above, the directors have prepared the financial statements on a going concern basis and they do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.4 Revenue**

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

Sale of goods

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

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

2.5 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Depreciation is provided on the following basis:

Freehold property	- 4% and 5% straight line
Plant & machinery	- 13% - 33% straight line and 15% reducing balance
Motor vehicles	- 25% straight line
Fixtures & fittings	- 15% - 50% reducing balance and 25% straight line

2.6 Operating leases: Lessee

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

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)
2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of income and retained earnings.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.14 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.15 Finance costs

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

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.16 Leased assets: Lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.17 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated Statement of Income and Retained Earnings using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Income and Retained Earnings in the year in which they are incurred.

2.20 Provisions for liabilities

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

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

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

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.21 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of property, plant and equipment and note 2.5 for the useful economic lives for each asset classification.

Impairment of stock

The group manufactures tooling equipment to order and therefore provides against all of the raw materials that are held at the year end as no reliable estimate can be made of if and when the raw materials will be used. See note 14 for the net carrying amount of stock and the associated movement in impairment provision.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

The whole of the turnover is attributable to the design and manufacture of tooling.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,320,293	3,074,976
Rest of Europe	5,090,708	3,504,100
Rest of the world	924,708	1,762,774
	<u>7,335,709</u>	<u>8,341,850</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	887,062	603,468
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	15,700	13,275
Exchange differences	24,759	(1,894)
Bad debt expense	9,335	32,793
	<u>936,856</u>	<u>647,642</u>

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	3,184,148	3,259,513	-	-
Social security costs	324,305	336,211	-	-
Cost of defined contribution scheme	133,324	106,544	-	-
	<u>3,641,777</u>	<u>3,702,268</u>	<u>-</u>	<u>-</u>

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

	2019 No.	2018 No.
Number of production staff	63	62
Number of distribution staff	6	6
Number of administration staff	27	26
	<u>96</u>	<u>94</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	133,487	138,381
Directors pension costs	9,503	9,503
	<u>142,990</u>	<u>147,884</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

R & D EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Interest receivable

	2019 £	2018 £
Other interest receivable	1,805	399

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	21,759	23,247
Finance leases and hire purchase contracts	47,473	26,132
	69,232	49,379

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	34,934	23,913
Adjustments in respect of previous periods	(113,172)	(114,666)
Total current tax	(78,238)	(90,753)
Deferred tax		
Origination and reversal of timing differences	25,905	23,733
Total deferred tax	25,905	23,733
Taxation on loss on ordinary activities	(52,333)	(67,020)

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>27,761</u>	<u>129,359</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	5,274	24,578
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,254	4,971
Capital allowances for year in excess of depreciation	16,885	16,875
Adjustments to tax charge in respect of prior periods	(113,172)	(114,666)
Non-taxable income	-	(743)
Other differences leading to an increase/(decrease) in taxation	371	(2,293)
Deferred tax not recognised	29,055	4,258
Total tax credit for the year	<u>(52,333)</u>	<u>(67,020)</u>

Included in the adjustments to the tax charge in respect of prior periods is £113,172 (2017: £103,242) representing research and development tax credits.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

R & D EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 January 2019	2,746,499	8,128,396	55,495	437,156	11,367,546
Additions	10,988	286,395	-	-	297,383
Disposals	-	(13,330)	-	-	(13,330)
At 31 December 2019	2,757,487	8,401,461	55,495	437,156	11,651,599
Depreciation					
At 1 January 2019	831,396	4,396,670	51,688	387,119	5,666,873
Charge for the year	101,500	759,508	927	25,128	887,063
Disposals	-	(13,080)	-	-	(13,080)
At 31 December 2019	932,896	5,143,098	52,615	412,247	6,540,856
Net book value					
At 31 December 2019	1,824,591	3,258,363	2,880	24,909	5,110,743
At 31 December 2018	1,915,103	3,731,726	3,807	50,037	5,700,673

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	1,824,591	1,915,103

The net book value of assets held under finance leases or hire purchase contracts, are as follows:

	2019 £	2018 £
Plant and machinery	1,458,454	1,684,361

Included within freehold property is land at cost of £610,872 (2018: £610,872) which is not subject to depreciation.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	683,212
At 31 December 2019	<u>683,212</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
R & D Tool & Engineering Limited	Leverage House, Hamilton Road, Nottinghamshire, NG17 5LD	Ordinary	100%

Name

R & D Tool & Engineering Limited

13. Stocks

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Work in progress (goods to be sold)	<u>537,729</u>	<u>456,280</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £2,979,361 (2018: £3,718,234).

Stock is stated after provisions for impairment of £86,529 (2018: £53,362) due to slow-moving and obsolete stock.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	372,578	551,047	-	-
Other debtors	69,827	54,679	-	-
	<u>442,405</u>	<u>605,726</u>	<u>-</u>	<u>-</u>

An impairment loss of £9,335 (2018: £32,793) was recognised against trade debtors.

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash at bank and in hand	<u>954,692</u>	<u>762,414</u>

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	80,974	78,076	-	-
Payments received on account	703,408	804,594	-	-
Trade creditors	399,220	550,048	-	-
Amounts owed to group undertakings	135,498	93,369	-	-
Corporation tax	34,934	23,913	-	-
Other taxation and social security	53,881	120,942	-	-
Obligations under finance lease and hire purchase contracts	395,854	374,010	-	-
Accruals and deferred income	187,780	182,420	-	-
	<u>1,991,549</u>	<u>2,227,372</u>	<u>-</u>	<u>-</u>

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	580,056	666,948	-	-
Net obligations under finance leases and hire purchase contracts	506,660	757,659	-	-
	<u>1,086,716</u>	<u>1,424,607</u>	<u>-</u>	<u>-</u>

The bank borrowings are secured by a fixed and floating charge over all the assets of the company. Interest is being charged on the borrowing at 3.15% above the Bank of England base rate.

Amounts due under finance leases and hire purchase agreements are secured on the assets to which the agreement relates

18. Loans

Analysis of the maturity of loans is given below:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Bank loans	80,974	78,076	-	-
Amounts falling due 1-2 years				
Bank loans	580,056	666,948	-	-
	<u>661,030</u>	<u>745,024</u>	<u>-</u>	<u>-</u>

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Group		
Within one year	426,479	417,091
Between 1 - 5 years	526,392	796,091
Less: finance charges	(50,357)	(81,513)
	<u>902,514</u>	<u>1,131,669</u>

There were no hire purchase agreements within the Company.

20. Financial instruments

	Group 2019 £	Group 2018 £
Financial assets		
Trade debtors	372,578	551,047
Financial liabilities		
Trade creditors	399,220	550,048
Bank loans	661,030	745,024
Obligations under finance lease and hire purchase contracts	902,514	1,131,669
Amounts owed to group companies	135,498	93,369
Accruals	187,787	182,420
	<u>2,286,049</u>	<u>2,702,530</u>

Financial assets and liabilities are measured at amortised cost.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Deferred taxation**Group**

	2019	2018
	£	£
At beginning of year	(204,608)	(180,875)
Charged to profit or loss	(25,905)	(23,733)
At end of year	<u>(230,513)</u>	<u>(204,608)</u>

There is no deferred tax in relation to parent company. The provision for deferred taxation is made up as follows:

	Group	Group
	2019	2018
	£	£
Accelerated capital allowances	<u>(230,513)</u>	<u>(204,608)</u>

22. Deferred grant income

	Group	Group
	2019	2018
	£	£
Grants	<u>62,891</u>	<u>74,700</u>

23. Reserves**Profit & loss account**

Includes all current and prior periods retained profits and losses.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
250,000 (2018: 250,000) Ordinary shares of £1.00 each	250,000	250,000

25. Contingent liabilities

R & D Tool & Engineering Co has provided a guarantee over the borrowings of its subsidiary company, R & D Tool & Engineering Limited.

The group received grant funding during prior years. The grant paying bodies have the right to review the conditions required by the grant offers and may be entitled in some situations to reclaim parts of the grant for a period after the grant is utilised. The directors are confident that the likelihood of such grants being reclaimed is small.

26. Capital commitments

The company had capital commitments the year end of £Nil (2018: £225,890).

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £133,324 (2018: £106,544). Contributions totalling £14,239 (2018: £10,923) were payable to the fund at the Statement of Financial Position date.

28. Commitments under operating leases

At 31 December 2019 and 31 December 2018 the Group and the Company had no future minimum lease payments under non-cancellable operating leases.

R & D EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

29. Related party transactions

Transactions with R & D Tool and Engineering Co., the ultimate parent undertaking were as follows:

The Company made sales of £259 (2018: £4,735) and were invoiced for purchases of £117,665 (2018: £380,328). The Company incurred management charges of £237,366 (2018: £257,119) and royalties of £471,747 (2018: £488,227).

No dividend was declared or paid during the year (2018: £Nil).

At the year end the balance owed to R & D Tool & Engineering Co. was £135,498 (2018: £99,369).

30. Controlling party

The directors consider that the ultimate parent undertaking of this company is R & D Tool & Engineering Co, incorporated in the United States of America.