

Company Registration No. 03303191 (England and Wales)

**PROSPOT LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**  
**PAGES FOR FILING WITH REGISTRAR**



# **PROSPOT LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

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

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

**PROSPOT LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	5		310,264		373,330
<b>Current assets</b>					
Stocks		907,809		936,561	
Debtors	6	1,399,856		1,704,653	
Cash at bank and in hand		1,390,063		1,175,186	
		3,697,728		3,816,400	
<b>Creditors: amounts falling due within one year</b>	7	(821,817)		(1,328,461)	
<b>Net current assets</b>			2,875,911		2,487,939
<b>Total assets less current liabilities</b>			3,186,175		2,861,269
<b>Creditors: amounts falling due after more than one year</b>	8		(15,488)		(13,125)
<b>Provisions for liabilities</b>	9		(51,275)		(52,638)
<b>Net assets</b>			3,119,412		2,795,506
<b>Capital and reserves</b>					
Called up share capital			61		61
Capital redemption reserve			39		39
Profit and loss reserves			3,119,312		2,795,406
<b>Total equity</b>		-	3,119,412		2,795,506

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29 July 2021 and are signed on its behalf by:

  
P D Allen  
Director

# PROSPOT LIMITED

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

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### 1 Accounting policies

#### Company information

Prospot Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Building 81 Bays 1&2, First Avenue, Pensnett Trading Estate, Kingswinford, DY6 7FJ.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

#### Going concern

The company continues to perform well with strong order books maintained despite Covid-19 in 2020 and 2021. The Coronavirus pandemic has affected turnover and gross profits, however the company remains well placed to continue to trade profitably and generate cash particularly due to the success of product and market developments in 2020.

The company has undertaken a trading review up until June 2022 to assess the effects of the pandemic on the business and the ongoing strength and stability of the company. The Directors note that the company has sufficient cash resources in order to continue to operate for the foreseeable future.

The company continues to invest in new technologies, developing opportunities in the Low Force Friction Welding market. The company continues to work with key market players to ensure it adapts and develops opportunities in growth sectors of electric/hybrid powertrain and aerospace markets.

After making the above enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting.

#### 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 and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the 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.

The company uses the percentage-of-completion method of accounting for long-term equipment contracts. Under the percentage-of-completion method, sales and gross profit are recognised as work is performed based on the relationship between actual manufacturing costs incurred and total forecasted costs to complete the equipment. Sales and gross profit are adjusted for revisions in completion estimates and contract values in the period in which the facts giving rise to the revisions become known.

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

Contract costs include all direct material and labour costs and those indirect costs related to contract performance such as indirect labour, supplies, tools, depreciation and overhead costs. Losses on uncompleted jobs are recognised in the period such losses become known. Costs and estimated earnings in excess of billings on uncompleted contracts are included in current assets on the accompanying company balance sheets, while billing in excess of costs and estimated earnings on uncompleted contracts in excess of costs and forecasted costs are included in current liabilities on the accompanying company balance sheets.

Revenue relating to joining and welding services is recognised upon completion of such services.

#### **Research and development**

Research and development expenditure is written off against profits in the year in which it is incurred.

#### **Tangible fixed assets**

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

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

Leasehold improvements	Over the life of the lease
Plant and machinery	10% straight line
Fixtures and fittings	15% straight line
Computer equipment	10% straight line
Motor vehicles	25% straight line

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

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand.

#### **Financial instruments**

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

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

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

#### **Basic financial assets**

Basic financial assets, which include trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **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 trade and other creditors, loans from fellow group companies 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 payments discounted at a market rate of interest.

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

#### **Equity instruments**

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

#### **Taxation**

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

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

#### **Retirement benefits**

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

#### **Leases**

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

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

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

#### **Government grants**

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

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

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### Foreign exchange

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

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

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

#### 2 Employees

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

	2020 Number	2019 Number
Total	39	38

#### 3 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	168,455	161,401
Sums paid to third parties for directors' services	-	2,250

#### 4 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	82,403	25,927
Adjustments in respect of prior periods	(39,488)	(77,701)
Total current tax	42,915	(51,774)



# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Taxation (Continued)

<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,051)	(5,563)
Changes in tax rates	6,455	-
Adjustment in respect of prior periods	2,233	8,902
<b>Total deferred tax</b>	<b>(1,363)</b>	<b>3,339</b>
<b>Total tax charge/(credit)</b>	<b>41,552</b>	<b>(48,435)</b>

### 5 Tangible fixed assets

	<b>Leasehold improvements</b>	<b>Plant and machinery etc</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2020	12,204	1,042,882	1,055,086
Additions	-	80,697	80,697
Disposals	-	(49,943)	(49,943)
<b>At 31 December 2020</b>	<b>12,204</b>	<b>1,073,636</b>	<b>1,085,840</b>
<b>Depreciation and impairment</b>			
At 1 January 2020	-	681,756	681,756
Depreciation charged in the year	2,569	135,495	138,064
Eliminated in respect of disposals	-	(44,244)	(44,244)
<b>At 31 December 2020</b>	<b>2,569</b>	<b>773,007</b>	<b>775,576</b>
<b>Carrying amount</b>			
At 31 December 2020	9,635	300,629	310,264
At 31 December 2019	12,204	361,126	373,330

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Plant and machinery	56,688	64,188
Motor vehicles	9,587	23,528
	<b>66,275</b>	<b>87,716</b>
<b>Depreciation charge for the year in respect of leased assets</b>	<b>21,441</b>	<b>25,069</b>

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,155,266	964,572
Gross amounts owed by contract customers	153,394	-
Amounts owed by group undertakings	1,903	673,504
Other debtors	26,650	-
Prepayments and accrued income	62,643	66,577
	<u>1,399,856</u>	<u>1,704,653</u>

### 7 Creditors: amounts falling due within one year

	2020	2019
	£	£
Obligations under finance leases	24,255	59,955
Trade creditors	278,947	397,843
Amounts owed to group undertakings	2,166	12,329
Corporation tax	82,403	25,927
Other taxation and social security	186,230	249,431
Other creditors	38,523	4,943
Accruals and deferred income	209,293	578,033
	<u>821,817</u>	<u>1,328,461</u>

### 8 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Obligations under finance leases	<u>15,488</u>	<u>13,125</u>

### 9 Provisions for liabilities

	2020	2019
	£	£
Deferred tax liabilities	<u>51,275</u>	<u>52,638</u>

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# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	52,214	55,711
Short term timing differences	(939)	(3,073)
	<u>51,275</u>	<u>52,638</u>
<b>Movements in the year:</b>		<b>2020 £</b>
Liability at 1 January 2020		52,638
Credit to profit or loss		(1,363)
Liability at 31 December 2020		<u>51,275</u>

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

### 11 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	83,317	92,155
Between one and five years	179,666	278,341
	<u>262,983</u>	<u>370,496</u>

### 12 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2020 £	2019 £	Purchases 2020 £	2019 £
Other group companies	-	13,958	121,504	149,262
	<u>-</u>	<u>13,958</u>	<u>121,504</u>	<u>149,262</u>

# PROSPOT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Related party transactions (Continued)

	Consulting services	
	2020	2019
	£	£
Other related parties	-	46,850

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
<b>Amounts due to related parties</b>		
Other group companies	391	12,329

Amounts owed to other group companies relates to fellow subsidiaries who are not wholly owned.

Other related parties relate to companies owned by a Director.

### 13 Parent company

The company is controlled by MTI Welding Technologies Limited, a company registered in England and Wales. The smallest group undertaking in which the results are consolidated is that headed by MTI Welding Technologies Limited, registered at Building 81, Bays 1 and 2, First Avenue, The Pensnett Estate, Kingswinford, West Midlands, DY6 7FJ.

The ultimate parent company and the largest group for which consolidated financial statements are prepared is Manufacturing Technologies Inc., registered at 1702 West Washington, South Bend, IN 46628 USA.

### 14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Richard Eccles FCA.  
The auditor was RSM UK Audit LLP.