

Advanced Maintenance Supplies Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 03644623



Advanced Maintenance Supplies Limited

Company Information

Directors	L N W Willitts B C Noakes M E Rees S Lister A Riley
Company secretary	A Riley
Registered number	03644623
Registered office	Shelah Road Halesowen West Midlands B63 3XL
Independent auditors	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Royal Bank of Scotland 79-83 Colmore Row Birmingham B3 2BA

Advanced Maintenance Supplies Limited

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Advanced Maintenance Supplies 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.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Principal activity

The principal activity of the company in the period under review was that of the supply of engineering products.

Results and dividends

The profit for the year, after taxation, amounted to £1,519,684 (2018 - £1,538,669).

No dividends were paid during the year (2018 - £Nil). The Directors do not propose the payment of a final dividend.

Directors

The directors who served during the year and up to the date of signing this report were:

L N W Willitts
B C Noakes
M E Rees
S Lister
A Riley

Advanced Maintenance Supplies Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Going concern

After making enquiries and preparing integrated profit and loss and cash flow forecasts for the wider Hayley Group for one year from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Company, with any required support from the wider Group, has adequate resources to continue in existence for the foreseeable future. However, there are certain uncertainties, as described in more detail below.

In the current business climate, Management acknowledge the COVID 19 pandemic and are closely monitoring the commercial and logistical aspects of the group's and company's operations to mitigate the impact. As such management have implemented logistical and organisational changes to underpin the Group's resilience to COVID 19, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk, however management believe the Group and company will generate sufficient working capital and cash flows to continue in operational existence for the foreseeable future.

In making this assessment the Board of Directors has undertaken a recent thorough review of the Hayley group's budgets and forecasts and has produced detailed and realistic cash flow projections. Various scenarios have been run on the potential impact of COVID 19, including the modelling of worst case scenarios. In broad terms the worst case scenario forecast assumes significant reduced revenues for the period but with the reductions decreasing over time. The assumed reductions are worse than anticipated or currently being experienced and do not take account of further costs saving and working capital reductions that could be implemented to deal with the impact of COVID 19. The group has existing cash resources at the 1 June 2020 and an unused invoice discounting facility of £12m.

These cash flow projections, when considered in conjunction with the group's existing cash balances and facilities, demonstrate that the Hayley group has sufficient working capital for the foreseeable future. In light of the assessment and sensitivities prepared, the directors remain of the view that the forecast is achievable (despite external factors such as COVID 19) and that the headroom within the forecast should be sufficient to enable the group and company to operate and meets its liabilities as they fall due for payment throughout the year. The UK parent company, Hayley Group Holding Limited has confirmed that it will draw on its resources to support the company and enable it to continue in operation and meet its liabilities as they fall due for at least a year from the date of approval of these financial statements, and the financial statements have accordingly been prepared on a going concern basis.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Advanced Maintenance Supplies Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID 19, was detected in China's Hubei province. During the following months, COVID 19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World undertook drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting the movement of people by enforcing nationwide lock downs.

At the time of writing, we are waiting to see how great an impact the COVID 19 crisis will have on the current year's trading. Our thoughts and sympathies go out to all that have been affected by the virus, either directly or indirectly.

Due to the rapid development of COVID 19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors' are of the opinion that it is too soon to quantify what the full financial impact that the COVID 19 pandemic will be, but are monitoring the situation closely.

The Directors are pleased to confirm that none of the Group's branches have had to close as a result of the COVID-19 pandemic and have remained open to meet the needs of its customers. In addition the Group has been designated as an essential supplier by the Department for Environment, Food and Rural Affairs due to the nature of its supply of goods to the NHS.

However, where possible the Directors have reorganised staff to enable them to work from home as well as following Government guidelines and support by furloughing staff in order to maintain a safe working environment and allowing social distancing to operate effectively within the workplace.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 June 2020 and signed on its behalf.



L N W Willitts
Director

Advanced Maintenance Supplies Limited

Independent Auditors' Report to the Members of Advanced Maintenance Supplies Limited

Opinion

We have audited the financial statements of Advanced Maintenance Supplies Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

Advanced Maintenance Supplies Limited

Independent Auditors' Report to the Members of Advanced Maintenance Supplies 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Advanced Maintenance Supplies Limited

Independent Auditors' Report to the Members of Advanced Maintenance Supplies Limited (continued)

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.

A handwritten signature in black ink, appearing to read 'Stephen Hale', with a horizontal line underneath.

Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

05 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Advanced Maintenance Supplies Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	16,342,080	14,174,550
Cost of sales		(10,803,428)	(9,228,176)
Gross profit		5,538,652	4,946,374
Administrative expenses		(3,650,968)	(3,031,948)
Operating profit	5	1,887,684	1,914,426
Tax on profit	9	(368,000)	(375,757)
Profit for the financial year		1,519,684	1,538,669

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 10 to 22 form part of these financial statements.

Advanced Maintenance Supplies Limited

Registered number: 03644623

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	10		434,016		319,075
Current assets					
Stocks	11	708,384		1,059,428	
Debtors: amounts falling due within one year	12	4,315,956		3,492,384	
Cash at bank and in hand	13	2,574,964		1,399,152	
		<u>7,599,304</u>		<u>5,950,964</u>	
Creditors: amounts falling due within one year	14	(2,856,786)		(2,613,189)	
Net current assets			<u>4,742,518</u>		<u>3,337,775</u>
Total assets less current liabilities			<u>5,176,534</u>		<u>3,656,850</u>
Net assets			<u><u>5,176,534</u></u>		<u><u>3,656,850</u></u>
Capital and reserves					
Called up share capital	16		100		100
Profit and loss account	17		5,176,434		3,656,750
			<u><u>5,176,534</u></u>		<u><u>3,656,850</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 June 2020.



L N W Willitts
Director

The notes on pages 10 to 22 form part of these financial statements.

Advanced Maintenance Supplies Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	100	3,656,750	3,656,850
Comprehensive income for the year			
Profit for the year	-	1,519,684	1,519,684
Total comprehensive income for the year	-	1,519,684	1,519,684
At 31 December 2019	100	5,176,434	5,176,534

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	2,118,081	2,118,181
Comprehensive income for the year			
Profit for the year	-	1,538,669	1,538,669
Total comprehensive income for the year	-	1,538,669	1,538,669
At 31 December 2018	100	3,656,750	3,656,850

The notes on pages 10 to 22 form part of these financial statements.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Advanced Maintenance Supplies Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is located at Shelah Road, Halesowen, West Midlands, B63 3XL.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hayley Group Holding Limited as at 31 December 2019 and these financial statements may be obtained from its registered office or directly from Companies House.

2.3 Going concern

After making enquiries and preparing integrated profit and loss and cash flow forecasts for the wider Hayley Group for one year from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Company, with any required support from the wider Group, has adequate resources to continue in existence for the foreseeable future. However, there are certain uncertainties, as described in more detail below.

In the current business climate, Management acknowledge the COVID 19 pandemic and are closely monitoring the commercial and logistical aspects of the group's and company's operations to mitigate the impact. As such management have implemented logistical and organisational changes to underpin the Group's resilience to COVID 19, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk, however management believe the Group and company will generate sufficient working capital and cash flows to continue in operational existence for the foreseeable future.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

In making this assessment the Board of Directors has undertaken a recent thorough review of the Hayley group's budgets and forecasts and has produced detailed and realistic cash flow projections. Various scenarios have been run on the potential impact of COVID 19, including the modelling of worst case scenarios. In broad terms the worst case scenario forecast assumes significant reduced revenues for the period but with the reductions decreasing over time. The assumed reductions are worse than anticipated or currently being experienced and do not take account of further costs saving and working capital reductions that could be implemented to deal with the impact of COVID 19. The group has existing cash resources at the 1 June 2020 and an unused invoice discounting facility of £12m.

These cash flow projections, when considered in conjunction with the group's existing cash balances and facilities, demonstrate that the Hayley group has sufficient working capital for the foreseeable future. In light of the assessment and sensitivities prepared, the directors remain of the view that the forecast is achievable (despite external factors such as COVID 19) and that the headroom within the forecast should be sufficient to enable the group and company to operate and meet its liabilities as they fall due for payment throughout the year. The UK parent company, Hayley Group Holding Limited has confirmed that it will draw on its resources to support the company and enable it to continue in operation and meet its liabilities as they fall due for at least a year from the date of approval of these financial statements, and the financial statements have accordingly been prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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 Operating leases: the Company as lessee

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

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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.

2.9 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 Company 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 Company. 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.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Long-term leasehold property	-	straight line over the life of the lease
Plant and machinery	-	20% reducing balance
Motor vehicles	-	20% reducing balance
Fixtures, fittings and equipment	-	20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 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 weighted average basis.

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 profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

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 Statement of Comprehensive Income.

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.

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.

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

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

A. Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

B. Stock

Certain factors could affect the realisable value of the company's stocks, including customer demand and market conditions. The company considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Engineering products	<u>16,342,080</u>	<u>14,174,550</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	99,631	58,664
Exchange differences	1,420	2,088
Operating lease rentals: land and buildings	49,649	50,489
Operating lease rentals: other	<u>74,590</u>	<u>92,182</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,000</u>	<u>8,000</u>

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Employees

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

	2019 £	2018 £
Wages and salaries	2,045,892	1,649,935
Social security costs	240,522	203,145
Cost of defined contribution scheme	103,151	88,550
	<u>2,389,565</u>	<u>1,941,630</u>

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

	2019 No.	2018 No.
Employees not including directors	59	43
Directors	3	3
	<u>62</u>	<u>46</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	371,349	324,416
Company contributions to defined contribution pension schemes	50,000	51,167
	<u>421,349</u>	<u>375,583</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £141,094 (2018 - £141,094).

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	378,000	375,757
Total current tax	<u>378,000</u>	<u>375,757</u>
Deferred tax		
Origination and reversal of timing differences	(10,000)	-
Total deferred tax	<u>(10,000)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u><u>368,000</u></u>	<u><u>375,757</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher 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>1,887,684</u>	<u>1,914,426</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	358,660	363,741
Effects of:		
Fixed asset differences	863	-
Expenses not deductible for tax purposes	6,880	12,470
Effects of changes to deferred tax rate	1,597	(454)
Total tax charge for the year	<u><u>368,000</u></u>	<u><u>375,757</u></u>

Factors that may affect future tax charges

The Finance Act 2016, enacted on 15 September 2016 reduces the company's main rate of corporation tax to 17% for years commencing 1 April 2020. This will reduce the company's future current tax accordingly. Deferred tax has been calculated at 17%. Since the year end it has been announced that the tax rate will increase to 19% however as this has not been substantively enacted no change in rate has been applied.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 January 2019	21,474	1,895	365,545	209,837	598,751
Additions	16,151	25,838	146,497	52,289	240,775
Disposals	-	-	(61,886)	(3,805)	(65,691)
At 31 December 2019	37,625	27,733	450,156	258,321	773,835
Depreciation					
At 1 January 2019	6,932	1,268	84,993	186,483	279,676
Charge for the year	3,657	2,624	81,679	11,671	99,631
Disposals	-	-	(35,683)	(3,805)	(39,488)
At 31 December 2019	10,589	3,892	130,989	194,349	339,819
Net book value					
At 31 December 2019	27,036	23,841	319,167	63,972	434,016
At 31 December 2018	14,542	627	280,552	23,354	319,075

11. Stocks

	2019 £	2018 £
Finished goods and goods for resale	708,384	1,059,428

An impairment loss of £15,921 (2018 - gain of £36,462) was recognised in the Statement of Comprehensive Income during the year due to slow-moving and obsolete stock.

Inventory charged to the Statement of Comprehensive Income as an expense during the year was £10,769,328 (2018 - £9,193,896).

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Debtors

	2019 £	2018 £
Trade debtors	4,253,959	3,452,302
Other debtors	34,908	20,698
Prepayments and accrued income	9,252	11,547
Deferred taxation	17,837	7,837
	<u>4,315,956</u>	<u>3,492,384</u>

An impairment loss of £8,501 (2018 - £897) was recognised in the Statement of Comprehensive Income during the year.

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>2,574,964</u>	<u>1,399,152</u>

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,588,532	1,480,528
Amounts owed to group undertakings	86,309	152,971
Amounts owed to related parties	11,962	3,369
Corporation tax	149,636	175,000
Other taxation and social security	551,773	461,429
Other creditors	10,665	-
Accruals and deferred income	457,909	339,892
	<u>2,856,786</u>	<u>2,613,189</u>

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Deferred taxation

	2019 £	2018 £
At beginning of year	7,837	7,837
Credited to profit or loss	10,000	-
At end of year	17,837	7,837

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	17,837	7,837

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

Share capital represents the nominal value of shares that have been issued. There are no restrictions on the one class of share capital.

17. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

18. Contingent liabilities

The Royal Bank of Scotland hold an unlimited multi-party guarantee, dated 10 February 2010, executed by Hayley Group Limited, Hayley Holdings Limited, Bearing Man Limited and Advanced Maintenance Supplies Limited over borrowings of £Nil (2018 - £46,195).

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. 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 £103,151 (2018 - £88,550). Contributions totalling £10,665 (2018 - £6,949) were payable to the fund at the balance sheet date.

20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Land and buildings		
Not later than 1 year	64,969	37,974
Later than 1 year and not later than 5 years	194,758	98,632
Later than 5 years	17,465	1,500
	<u>277,192</u>	<u>138,106</u>
	2019 £	2018 £
Other		
Not later than 1 year	63,063	63,428
Later than 1 year and not later than 5 years	43,677	59,177
	<u>106,740</u>	<u>122,605</u>

21. Related party transactions

The company has taken advantage of the reduced disclosure exemptions permitted by FRS 102 as detailed in note 2.2 and therefore, has not disclosed transactions with Hayley Group Limited, on the grounds that its share capital is 100% owned by Hayley Group Limited.

During the year the company made £129,471 of purchases (2018 - £83,000) from companies controlled by Descours & Cabaud SA in the year ended 31 December 2019.

At the year ended 31 December 2019, the company owed £11,962 (2018 - £3,369) to companies controlled by Descours & Cabaud SA.

Advanced Maintenance Supplies Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

22. Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID 19, was detected in China's Hubei province. During the following months, COVID 19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World undertook drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting the movement of people by enforcing nationwide lock downs.

At the time of writing, we are waiting to see how great an impact the COVID 19 crisis will have on the current year's trading. Our thoughts and sympathies go out to all that have been affected by the virus, either directly or indirectly.

Due to the rapid development of COVID 19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors' are of the opinion that it is too soon to quantify what the full financial impact that the COVID 19 pandemic will be, but are monitoring the situation closely.

The Directors are pleased to confirm that none of the Group's branches have had to close as a result of the COVID-19 pandemic and have remained open to meet the needs of its customers. In addition the Group has been designated as an essential supplier by the Department for Environment, Food and Rural Affairs due to the nature of its supply of goods to the NHS.

However, where possible the Directors have reorganised staff to enable them to work from home as well as following Government guidelines and support by furloughing staff in order to maintain a safe working environment and allowing social distancing to operate effectively within the workplace.

23. Controlling party

The immediate parent company is Hayley Group Limited, a company registered in England and Wales.

The largest group of companies for which consolidated accounts are prepared is that headed by Hayley Group Holding Limited, which is the ultimate parent company. Hayley Group Holding is owned equally by the original shareholders of Hayley Group Limited and Descours and Cabaud SA, a company registered in France. Subsequent to the year end, Descours & Cabaud SA increased their ownership to 100%.

The ultimate parent company is Hayley Group Holding Limited. The largest group of companies for which consolidated accounts are prepared is that headed by Hayley Group Holding Limited.

Hayley Group Holding Limited has no ultimate controlling party.