



electronic technology development

**Nortec Solutions Limited
Directors' Report and Financial Statements
For the year ended 31 March 2019**

TUESDAY



L8F0JK3F

LD3

08/10/2019

#72

COMPANIES HOUSE

Company no. 03659305

Company registration number 03659305

Registered Office Unit 8
Farmbrough Close
Stocklake Park Industrial Estate
Aylesbury
Buckinghamshire
HP20 1DQ

Directors P I Robinson MBA FCMA FRSA
R R Clements
D B Scott BSc ACMA

Secretary D B Scott BSc ACMA

Bankers HSBC Bank plc
8 Market Square
Aylesbury
HP20 1TW

Auditor Grant Thornton UK LLP
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Index to the financial statements

Directors' Report	3 - 4
Independent auditor's report	5 - 6
Statement of income and retained earnings	7
Balance sheet	8
Notes to the financial statements	9 - 14

Directors' report

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend.

Business review

2019 saw a slight reduction in turnover (0.7%) and in an increasingly competitive market gross margins were down to 34.4% (2018: 35.3%) resulting in a gross profit of £830k (2018: £858k). The forward order book is solid with prospects for 2020 being positive and customer retention good. There continues to be a focus on control of costs and this is reflected in the lower operating costs in the year. This 0.5% cost reduction meant that the business continued to be profitable with a profit before tax for the period of £39k (2018: £63k).

The company continues to have a positive outlook with existing orders stretching out over 3 years and it is well placed to manage future growth with existing operating capacity available without the need for significant capital investment.

Financial risk management policies and objectives

The company uses various financial instruments including cash, trade creditors and trade debtors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The principle credit risk arises from debtors which consist of a number of diverse customers from a range of industry sectors. No single customer represents a significant proportion of the debt. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Principal risks and uncertainties

Technological change will always present the company with a challenge to ensure that they retain the ability to manufacture the customers products to the standards and within the timescales required. As a result of this and as part of the ongoing development of the business the company considers the investment in plant and equipment to be key and is committed to continued investment in this area to address the needs of its customers.

The company continues to attract new customers in a variety of different markets whilst continuing to have a good level of repeat orders from existing customers. This diversity of customers reduces the exposure of the company to adverse changes in any one market.

Directors

The directors who served the company during the year were as follows:

P I Robinson MBA FCMA FRSA
R R Clements
D B Scott BSc ACMA

Directors' Responsibilities Statement

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

Directors' report (continued)

Directors' Responsibilities Statement (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102 "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 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 estimates that are reasonable and prudent; and
- 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.

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all 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 auditor is aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company.

The company has granted an indemnity to all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

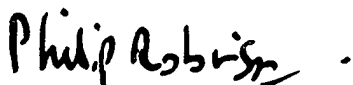
Auditor

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

Small Companies Provisions

This report has been prepared in accordance with the special provisions for small companies under section 415A of the Companies Act 2006. The Company has taken advantage of the exemption to not prepare a strategic report.

ON BEHALF OF THE BOARD



P I Robinson
Chairman

24th September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTEC SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Nortec Solutions Limited (the 'company') for the period ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, 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 March 2019 and of its profit for the period 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTEC SOLUTIONS LIMITED (continued)

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

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.

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, 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 24/9/2019.

Statement of income and retained earnings

	Note	2019 £	2018 £
Turnover	5	2,413,652	2,431,753
Cost of Sales		<u>(1,584,043)</u>	<u>(1,573,875)</u>
Gross Profit		829,609	857,878
Other operating charges	6	<u>(790,573)</u>	<u>(794,475)</u>
Operating profit	7	39,036	63,403
Interest receivable	9	<u>-</u>	<u>1</u>
Profit on ordinary activities before taxation		39,036	63,404
Tax charge on profit on ordinary activities		(7,856)	(13,925)
Profit for the financial year		<u>31,180</u>	<u>49,479</u>
Retained earnings at the beginning of the year		<u>1,217,071</u>	<u>1,167,592</u>
Retained earnings at the end of the year		<u>1,248,251</u>	<u>1,217,071</u>

All of the activities of the company are classed as continuing.

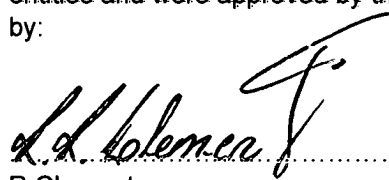
The company has no recognised gains or losses other than the results for the year as set out above.

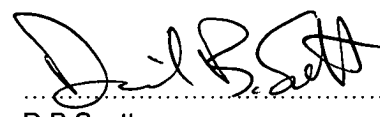
All profits are attributable to the parent undertaking.

Balance sheet

		2019	2018
	Note	£	£
Fixed assets			
Tangible assets	10	172,741	208,315
Intangible assets	11	<u>4,111</u>	<u>4,930</u>
		176,852	213,245
Current assets			
Stocks	12	765,493	422,439
Debtors	13	907,053	672,533
Cash at bank and in hand		<u>174,661</u>	<u>301,005</u>
		1,847,207	1,395,977
Creditors: amounts falling due within one year	14	<u>770,808</u>	<u>387,151</u>
Net current assets		1,076,399	1,008,826
Net assets		<u>1,253,251</u>	<u>1,222,071</u>
Capital and reserves			
Called-up equity share capital	17	5,000	5,000
Statement of Income and Retained Earnings		<u>1,248,251</u>	<u>1,217,071</u>
Shareholder's funds		<u>1,253,251</u>	<u>1,222,071</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS102 Section 1A - small entities and were approved by the Board of Directors on 24th September 2019 and are signed on their behalf by:


R Clements
Director


D B Scott
Director

Notes to the financial statements

1 Company Information

Nortec Solutions Limited a private limited company incorporated in England whose registered office is at Unit 8, Farmbrough Close, Stocklake Park Industrial Estate, Aylesbury Buckinghamshire, HP20 1DQ.

The principal activities of the company are the design and manufacture of electronic and electrical equipment.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Section 1A of Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3 Principal accounting policies

3.1 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software purchased for use by the company to enable it to carry out its operations is recognised as an intangible asset. Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

Software - 33% straight line

If there is an indication that there has been a significant change in amortisation rate of an asset, the amortisation is revised prospectively to reflect the new expectation.

3.2 Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

Plant & Machinery - 10% - 33% straight line
Motor Vehicles - 25% straight line

3.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of income and retained earnings.

3.4 Stock

Stocks are stated at the lower of cost, using the first in first out method, and selling price less cost to complete and sell, after making due allowance for obsolete and slow moving items. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

3.5 Debtors

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

3.6 Creditors

Short term creditors are measured at transaction price.

3.7 Leases

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

The payments made under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation, in which case the company recognises annual payment expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

3.8 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 9 months. The provision is measured at the salary cost payable for the period of absence.

3.9 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculate using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

3.9 Taxation (Continued)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the asset and settle the liabilities simultaneously.

3.10 Turnover

Turnover is the total amount receivable by the company for goods and services provided, excluding VAT and trade discounts.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods or has collected them from the company's premises.

3.11 Employee benefits

Short-term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

3.12 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

4 Cash & 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.

5 Turnover

The turnover and profit before tax are attributable to the principal activities of the company. All turnover arose from the sale of goods.

6 Other operating charges

	2019	2018
	£	£
Distribution costs	30,588	35,013
Administrative expenses	759,985	759,462
	<u>790,573</u>	<u>794,475</u>

7 Operating profit

Operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation	77,178	87,181
Amortisation	819	719
Auditor's remuneration:		
Audit of the financial statements	7,240	6,030
Tax compliance services	1,895	1,850
Operating lease costs:		
Land and buildings	76,040	76,040
Foreign exchange loss	622	816
(Profit)/loss on disposal of fixed assets	<u>(3,778)</u>	<u>63</u>

8 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2019	2018
	No	No
Administration	10	12
Production	22	24
Sales and marketing	<u>1</u>	<u>1</u>
	<u>33</u>	<u>37</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £18,608 (2018: £12,412)

9 Interest receivable

	2019	2018
	£	£
Interest other	<u>-</u>	<u>1</u>

10 Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Total £
Cost			
At 31 March 2018	635,237	37,064	672,301
Additions	10,376	38,950	49,326
Disposals	-	(37,064)	(37,064)
At 31 March 2019	<u>645,613</u>	<u>38,950</u>	<u>684,563</u>
Depreciation			
At 31 March 2018	437,732	26,254	463,986
Charge for the year	67,598	9,580	77,178
Disposals	-	(29,342)	(29,342)
At 31 March 2019	<u>505,330</u>	<u>6,492</u>	<u>511,822</u>
Net book value			
At 31 March 2019	<u>140,283</u>	<u>32,458</u>	<u>172,741</u>
At 31 March 2018	<u>197,505</u>	<u>10,810</u>	<u>208,315</u>

11 Intangible fixed assets

	Software £
Cost	
At 31 March 2018	9,643
Additions	-
At 31 March 2019	<u>9,643</u>
Amortisation	
At 31 March 2018	4,713
Charge for the year	819
At 31 March 2019	<u>5,532</u>
Net book value	
At 31 March 2019	<u>4,111</u>
At 31 March 2018	<u>4,930</u>

Amortisation of intangible fixed assets is included in administrative expenses.

12 Stocks

	2019 £	2018 £
Raw Materials	49,923	43,993
Work in progress	715,570	378,446
	<u>765,493</u>	<u>422,439</u>

Stock recognised in cost of sales during the year as an expense was £1,320k (2018: £1,320k). No impairment loss was recognised (2018: £nil) in cost of sales against stock during the year due to slow-moving and obsolete stock.

13 Debtors

	2019	2018
	£	£
Trade debtors	849,413	618,906
Amounts owed by group undertakings	9,952	16,072
Prepayments and accrued income	47,688	37,555
	<u>907,053</u>	<u>672,533</u>

14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	557,379	225,775
Amounts owed to group undertakings	12,690	12,690
Social security and other taxes	74,471	76,550
Deferred taxation	15,517	25,919
Accruals and deferred income	110,751	46,217
	<u>770,808</u>	<u>387,151</u>

15 Leasing commitments

The Company's future minimum operating lease payments are as follows:

	Land & Buildings	
	2019	2018
	£	£
Within 1 year	75,298	75,298
Between 1 & 2 years	21,588	75,298
Between 2 & 5 years	-	21,588
	<u>96,886</u>	<u>172,184</u>

16 Related party transactions

The company has taken advantage of the exemption not to disclose transactions with related parties with other wholly owned members of the group under FRS102 section 33 Related Party Disclosures as the company is a wholly owned subsidiary of Eamont Holdings Limited which prepares consolidated accounts. Key management personnel of the Company were remunerated £113,294 (2018: £107,761)

17 Share capital

	2019	2018
	£	£
Allotted, called up and fully paid:		
Ordinary share capital	<u>5,000</u>	<u>5,000</u>

18 Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Statement of Income and Retained Earnings - includes all current and prior period retained profits and losses.

19 Ultimate parent undertaking/controlling related party

The directors consider that the ultimate parent undertaking of this company is Eamont Holdings Limited, a company registered in England & Wales.

P I Robinson is the company's controlling related party by virtue of his majority shareholding in Eamont Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Eamont Holdings Limited. These are available from the Registered office.