

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
MILLTECH PRECISION ENGINEERING LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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MILLTECH PRECISION ENGINEERING LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

Mr P I Rowlands
Mr K Gardner
Mr P Lebbon

SECRETARY:

Mrs A Reeve

REGISTERED OFFICE:

Liberamus House
Witchcraft Way
Rackheath Industrial Estate
Rackheath
Norfolk
NR13 6GA

REGISTERED NUMBER:

03731819 (England and Wales)

SENIOR STATUTORY AUDITOR:

Mr Anthony Brain

INDEPENDENT AUDITORS:

CG LEE Limited
Chartered Certified Accountants
Statutory Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of precision engineering.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr P I Rowlands
Mr K Gardner
Mr P Lebbon

Other changes in directors holding office are as follows:

Mr J Harding ceased to be a director after 31 December 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

CG LEE Limited, having expressed willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr P Lebbon - Director

17 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MILLTECH PRECISION ENGINEERING LTD

Opinion

We have audited the financial statements of Milltech Precision Engineering Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company 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 group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 qualified 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 group'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 in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MILLTECH PRECISION ENGINEERING LTD

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Mr Anthony Brain (Senior Statutory Auditor)
for and on behalf of CG LEE Limited
Chartered Certified Accountants
Statutory Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

17 December 2020

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31.12.19 £	31.12.18 £
TURNOVER		5,154,377	5,717,312
Cost of sales		<u>3,749,696</u>	<u>3,901,113</u>
GROSS PROFIT		1,404,681	1,816,199
Administrative expenses		<u>1,300,516</u> 104,165	<u>1,262,831</u> 553,368
Other operating income		<u>17,174</u>	<u>3,885</u>
OPERATING PROFIT	4	<u>121,339</u>	<u>557,253</u>
Interest receivable and similar income		<u>485</u> 121,824	<u>1,018</u> 558,271
Interest payable and similar expenses	5	<u>4,248</u>	<u>9,097</u>
PROFIT BEFORE TAXATION		117,576	549,174
Tax on profit	6	<u>(10,070)</u>	<u>65,641</u>
PROFIT FOR THE FINANCIAL YEAR		<u>127,646</u>	<u>483,533</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>127,646</u>	<u>483,533</u>
Profit attributable to: Owners of the parent		<u>127,646</u>	<u>483,533</u>
Total comprehensive income attributable to: Owners of the parent		<u>127,646</u>	<u>483,533</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Intangible assets	9		356,887		382,255
Tangible assets	10		2,205,735		2,479,654
Investments	11		-		-
			<u>2,562,622</u>		<u>2,861,909</u>
CURRENT ASSETS					
Stocks	12	889,204		647,939	
Debtors	13	1,650,313		1,064,303	
Cash at bank and in hand		<u>21,300</u>		<u>540,123</u>	
		2,560,817		2,252,365	
CREDITORS					
Amounts falling due within one year	14	<u>3,293,879</u>		<u>3,057,360</u>	
NET CURRENT LIABILITIES			<u>(733,062)</u>		<u>(804,995)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,829,560		2,056,914
CREDITORS					
Amounts falling due after more than one year	15		(3,330)		(23,331)
PROVISIONS FOR LIABILITIES	18		<u>(164,206)</u>		<u>(199,207)</u>
NET ASSETS			<u>1,662,024</u>		<u>1,834,376</u>
CAPITAL AND RESERVES					
Called up share capital	19		100		100
Revaluation reserve	20		338,750		467,472
Retained earnings	20		<u>1,323,174</u>		<u>1,366,804</u>
SHAREHOLDERS' FUNDS			<u>1,662,024</u>		<u>1,834,376</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 December 2020 and were signed on its behalf by:

Mr P Lebbon - Director

COMPANY BALANCE SHEET
31 DECEMBER 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		1,921,229		2,121,499
Investments	11		<u>1,202,895</u>		<u>1,182,895</u>
			3,124,124		3,304,394
CURRENT ASSETS					
Stocks	12	889,204		559,890	
Debtors	13	1,583,375		817,258	
Cash at bank and in hand		<u>13,240</u>		<u>26,524</u>	
		2,485,819		1,403,672	
CREDITORS					
Amounts falling due within one year	14	<u>3,725,954</u>		<u>2,806,646</u>	
NET CURRENT LIABILITIES			<u>(1,240,135)</u>		<u>(1,402,974)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,883,989		1,901,420
PROVISIONS FOR LIABILITIES	18		<u>113,155</u>		<u>149,575</u>
NET ASSETS			<u>1,770,834</u>		<u>1,751,845</u>
CAPITAL AND RESERVES					
Called up share capital	19		100		100
Revaluation reserve	20		338,750		467,472
Retained earnings	20		<u>1,431,984</u>		<u>1,284,273</u>
SHAREHOLDERS' FUNDS			<u>1,770,834</u>		<u>1,751,845</u>
Company's profit for the financial year			<u>318,989</u>		<u>380,168</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 December 2020 and were signed on its behalf by:

Mr P Lebbon - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	100	1,005,359	545,384	1,550,843
Changes in equity				
Dividends	-	(200,000)	-	(200,000)
Total comprehensive income	-	561,445	(77,912)	483,533
Balance at 31 December 2018	<u>100</u>	<u>1,366,804</u>	<u>467,472</u>	<u>1,834,376</u>
Changes in equity				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	-	256,368	(128,722)	127,646
Balance at 31 December 2019	<u>100</u>	<u>1,323,172</u>	<u>338,750</u>	<u>1,662,022</u>

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	100	1,026,193	545,384	1,571,677
Changes in equity				
Dividends	-	(200,000)	-	(200,000)
Total comprehensive income	-	458,080	(77,912)	380,168
Balance at 31 December 2018	<u>100</u>	<u>1,284,273</u>	<u>467,472</u>	<u>1,751,845</u>
Changes in equity				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	-	447,711	(128,722)	318,989
Balance at 31 December 2019	<u>100</u>	<u>1,431,984</u>	<u>338,750</u>	<u>1,770,834</u>

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Milltech Precision Engineering Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by 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 requirement 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, 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, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Going concern

The directors carry out an annual and periodic forecasting exercise covering the operations of the group and as a result of this and considering possible sensitivities, the directors have a reasonable expectation that the group has adequate resources to continue to meet the obligations of the group as they fall due.

As at 31 December 2019 the company had net current liabilities of £1,240,135 and the group had net current liabilities of £733,059. The directors have confirmed that the ultimate parent company will provide financial support as and when required for the foreseeable future.

Accordingly, the going concern basis has been adopted when preparing these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied excluding discounts, rebates and value added tax. Turnover is recognised upon despatch of goods to the customer.

Unbilled turnover on completed goods not yet despatched is included as accrued income within trade debtors.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Business combinations and goodwill

Purchased goodwill arising on the acquisition of businesses, represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and stated at cost less accumulated amortisation and provisions for impairment.

For the goodwill relating to the acquisition of R.A. Howarth Engineering Limited, amortisation is calculated on a straight line basis over a period of 10 years from the date of acquisition, such number being the period that the directors estimate benefits may reasonably be expected to accrue from the acquisition.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Depreciation is provided at the following rates in order to write off each asset over the estimated useful life or, if held under finance lease, over the lease term which ever is shorter.

Plant & machinery - 4 to 10 years straight line and 10% reducing balance

Office equipment - 25% reducing balance

Motor vehicles - 25% reducing balance

Any revaluation increase in the carrying amount is recognised in other comprehensive income and included in the revaluation reserve in equity, or to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expended. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity; decreases exceeding the balance in revaluation reserve relating to an asset are recognised in profit or loss.

At the end of each reporting period the difference between depreciation based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in comprehensive income.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Raw Materials

Raw materials are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress and finished goods

Work in progress and finished goods are valued using the standard cost method. The average cost is determined based on the average cost of production and the number of units produced. The average cost comprises raw materials, direct labour and other related production overheads.

Work in progress is included in the balance sheet and credited to the profit and loss account in relation to the stage of completion of the associated order.

Taxation

The tax charge represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of current and previous periods.

Deferred tax arises from timing differences that are differences between taxable profits and the company's results as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other 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 measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences.

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

2. ACCOUNTING POLICIES - continued

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the company's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements:

Depreciation of tangible fixed assets

An allowance for depreciation is made against tangible fixed assets and charged to the profit and loss account over the useful economic lives of the assets. The useful economic life assessment of an asset is based on the time in which benefits of the asset are realised to the company. See note 11 for the net carrying value of the tangible fixed assets, and note 3 for the useful economic lives for each class of assets.

Impairment of debtors

The directors make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the directors consider factors including the credit worthiness and financial conditions of customers. See note 14 for the net carrying amount of the debtors and associated impairment provision.

Impairment of stocks

The company makes an estimate of the recoverable value of stocks. When calculating the stock provision, management considers the nature and condition of the stock as well as applying assumptions around anticipated saleability of goods held for resale. See note 13 for the net carrying amount of stocks and the related movement in impairment provision.

Going concern

The directors make an estimate of the future performance of the company and group in order to prepare the financial statements under the going concern methodology. When assessing the future performance, the directors considers financial projections which reflect the current and expected market conditions, operational cash flow requirements and financing opportunities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	1,874,623	1,909,507
Social security costs	22,253	17,798
Other pension costs	57,164	51,965
	<u>1,954,040</u>	<u>1,979,270</u>

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Management	5	7
Admin	4	4
Factory	55	55
	<u>64</u>	<u>66</u>

	31.12.19	31.12.18
	£	£
Directors' remuneration	120,357	143,497
Directors' pension contributions to money purchase schemes	<u>120</u>	<u>723</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.19	31.12.18
	£	£
Hire of plant and machinery	14,355	11,825
Other operating leases	2,782	4,599
Depreciation - owned assets	328,543	308,010
Depreciation - assets on hire purchase contracts	36,908	62,438
Loss on disposal of fixed assets	3,432	12,253
Goodwill amortisation	45,368	34,751
Auditors' remuneration	10,135	12,750
Foreign exchange differences	<u>-</u>	<u>2,400</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£	£
Hire purchase	<u>4,248</u>	<u>9,097</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	48,336	151,109
Prior year under provision	<u>(17,405)</u>	<u>(52,082)</u>
Total current tax	30,931	99,027
Deferred tax	<u>(41,001)</u>	<u>(33,386)</u>
Tax on profit	<u>(10,070)</u>	<u>65,641</u>

7. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	31.12.19 £	31.12.18 £
Interim	<u>300,000</u>	<u>200,000</u>

9. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
At 1 January 2019	417,006
Additions	<u>20,000</u>
At 31 December 2019	437,006
AMORTISATION	
At 1 January 2019	34,751
Amortisation for year	<u>45,368</u>
At 31 December 2019	80,119
NET BOOK VALUE	
At 31 December 2019	<u>356,887</u>
At 31 December 2018	<u>382,255</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TANGIBLE FIXED ASSETS**Group**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2019	4,229,034	39,088	6,374	4,274,496
Additions	223,916	600	-	224,516
Disposals	(252,091)	(7,542)	-	(259,633)
At 31 December 2019	<u>4,200,859</u>	<u>32,146</u>	<u>6,374</u>	<u>4,239,379</u>
DEPRECIATION				
At 1 January 2019	1,761,319	30,798	2,725	1,794,842
Charge for year	362,695	1,844	912	365,451
Eliminated on disposal	(121,737)	(4,912)	-	(126,649)
At 31 December 2019	<u>2,002,277</u>	<u>27,730</u>	<u>3,637</u>	<u>2,033,644</u>
NET BOOK VALUE				
At 31 December 2019	<u>2,198,582</u>	<u>4,416</u>	<u>2,737</u>	<u>2,205,735</u>
At 31 December 2018	<u>2,467,715</u>	<u>8,290</u>	<u>3,649</u>	<u>2,479,654</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 January 2019	652,592
Transfer to ownership	(537,592)
At 31 December 2019	<u>115,000</u>
DEPRECIATION	
At 1 January 2019	217,959
Charge for year	36,908
Transfer to ownership	(222,863)
At 31 December 2019	<u>32,004</u>
NET BOOK VALUE	
At 31 December 2019	<u>82,996</u>
At 31 December 2018	<u>434,633</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TANGIBLE FIXED ASSETS - continued**Company**

	Plant and machinery £
COST OR VALUATION	
At 1 January 2019	3,070,409
Additions	219,966
Disposals	<u>(150,500)</u>
At 31 December 2019	<u>3,139,875</u>
DEPRECIATION	
At 1 January 2019	948,910
Charge for year	329,936
Eliminated on disposal	<u>(60,200)</u>
At 31 December 2019	<u>1,218,646</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,921,229</u>
At 31 December 2018	<u>2,121,499</u>

Cost or valuation at 31 December 2019 is represented by:

	Plant and machinery £
Valuation in 2015	1,775,500
Cost	<u>1,364,375</u>
	<u>3,139,875</u>

If tangible fixed assets had not been revalued they would have been included at the following historical cost:

	31.12.19 £	31.12.18 £
Cost	<u>2,177,999</u>	<u>2,108,533</u>
Aggregate depreciation	<u>829,087</u>	<u>637,262</u>

Tangible fixed assets were valued on an open market basis on 31 December 2014 by ES Group .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TANGIBLE FIXED ASSETS - continued**Company**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST OR VALUATION	
At 1 January 2019	410,000
Transfer to ownership	<u>(410,000)</u>
At 31 December 2019	<u>-</u>
DEPRECIATION	
At 1 January 2019	164,000
Charge for year	13,667
Transfer to ownership	<u>(177,667)</u>
At 31 December 2019	<u>-</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u><u>246,000</u></u>

11. FIXED ASSET INVESTMENTS**Company**

	Shares in group undertakings £
COST	
At 1 January 2019	1,182,895
Additions	<u>20,000</u>
At 31 December 2019	<u>1,202,895</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,202,895</u>
At 31 December 2018	<u><u>1,182,895</u></u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary undertaking	Principal activity	Proportion of rights and ordinary share capital held	Country of registration	Registered office
R.A. Howarth (Engineering) Limited	Precision engineering	100%	England	Liberamus House, Witchcraft Way, Rackheath, Norwich, Norfolk, NR13 6GA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. STOCKS

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Stocks	<u>889,204</u>	<u>647,939</u>	<u>889,204</u>	<u>559,890</u>

Stock recognised in consolidated cost of sales during the year as an expense was £1,167,232 (2018 - £1,498,015).

Stock is stated after provisions for impairment of £52,271 (2018 - £44,616).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Trade debtors	1,542,016	1,009,577	1,542,016	775,486
Other debtors	71,330	10,794	4,392	8,966
Prepayments	<u>36,967</u>	<u>43,932</u>	<u>36,967</u>	<u>32,806</u>
	<u><u>1,650,313</u></u>	<u><u>1,064,303</u></u>	<u><u>1,583,375</u></u>	<u><u>817,258</u></u>

Trade debtors are stated after provisions for impairment of £Nil (2018 - £Nil)

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans and overdrafts (see note 16)	2,054,504	1,964,688	2,054,504	1,964,688
Hire purchase contracts (see note 17)	20,003	48,860	-	19,806
Trade creditors	881,757	388,555	880,392	327,058
Amounts owed to group undertakings	-	-	537,742	-
Tax	(6,284)	111,420	(35,802)	51,198
Social security and other taxes	41,182	34,330	41,182	27,851
VAT	57,270	111,662	34,972	84,147
Other creditors	149,207	312,334	142,961	283,699
Accruals and deferred income	23,310	27,194	-	-
Accrued expenses	<u>72,930</u>	<u>58,317</u>	<u>70,003</u>	<u>48,199</u>
	<u><u>3,293,879</u></u>	<u><u>3,057,360</u></u>	<u><u>3,725,954</u></u>	<u><u>2,806,646</u></u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31.12.19	31.12.18
	£	£
Hire purchase contracts (see note 17)	<u>3,330</u>	<u>23,331</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>2,054,504</u>	<u>1,964,688</u>	<u>2,054,504</u>	<u>1,964,688</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.12.19	31.12.18
	£	£
Net obligations repayable:		
Within one year	20,003	48,860
Between one and five years	3,330	23,331
	<u>23,333</u>	<u>72,191</u>

Company

	Hire purchase contracts	
	31.12.19	31.12.18
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>19,806</u>

Group

	Non-cancellable operating leases	
	31.12.19	31.12.18
	£	£
Within one year	130,273	160,863
Between one and five years	524,909	535,155
In more than five years	263,868	394,961
	<u>919,050</u>	<u>1,090,979</u>

Company

	Non-cancellable operating leases	
	31.12.19	31.12.18
	£	£
Within one year	130,273	123,118
Between one and five years	524,909	524,088
In more than five years	263,868	394,961
	<u>919,050</u>	<u>1,042,167</u>

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Deferred tax				
Deferred tax	61,329	84,054	10,278	34,422
Tangible fixed asset revaluation	91,377	109,653	91,377	109,653
	<u>152,706</u>	<u>193,707</u>	<u>101,655</u>	<u>144,075</u>
Other provisions				
Dilapidation provision	<u>11,500</u>	<u>5,500</u>	<u>11,500</u>	<u>5,500</u>
Aggregate amounts	<u>164,206</u>	<u>199,207</u>	<u>113,155</u>	<u>149,575</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

18. PROVISIONS FOR LIABILITIES - continued**Group**

	Deferred tax £	Other provisions £
Balance at 1 January 2019	193,707	5,500
Provided during year	(41,001)	6,000
Balance at 31 December 2019	<u>152,706</u>	<u>11,500</u>

Company

	Deferred tax £	Other provisions £
Balance at 1 January 2019	144,075	5,500
Provided during year	(42,420)	6,000
Balance at 31 December 2019	<u>101,655</u>	<u>11,500</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2019 £	2018 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. RESERVES**Group**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2019	1,366,806	467,472	1,834,278
Profit for the year	127,646		127,646
Dividends	(300,000)		(300,000)
Excess depn on revalued assets	128,722	(128,722)	-
At 31 December 2019	<u>1,323,174</u>	<u>338,750</u>	<u>1,661,924</u>

Company

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2019	1,284,273	467,472	1,751,745
Profit for the year	318,989		318,989
Dividends	(300,000)		(300,000)
Excess depn on revalued assets	128,722	(128,722)	-
At 31 December 2019	<u>1,431,984</u>	<u>338,750</u>	<u>1,770,734</u>

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

21. ULTIMATE CONTROLLING PARTY

The ultimate parent company and controlling party is Indutrade AB, a company incorporated in Sweden. Indutrade AB heads the largest and smallest group of companies to consolidate these financial statements. A copy of the Indutrade AB consolidated financial statements are available from Indutrade AB, Raseborgsgatan 9, Box 6044, SE-164 06 Kista.

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