

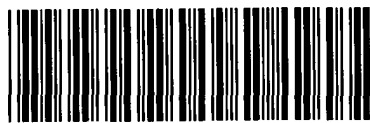
Company Registration No. 03909303 (England and Wales)

A & E Holdings Limited

**Annual Report and Consolidated
Financial Statements**

For the year ended 31 December 2020

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A & E Holdings Limited

Company Information

| | |
|--------------------------|--|
| Directors | K G Brownlee Dr W Dieter |
| Company number | 03909303 |
| Registered office | West House King Cross Road Halifax West Yorkshire HX1 1EB |
| Auditor | B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB |
| Bankers | HSBC Bank plc 47 Eastgate Street Chester Cheshire CH1 1XW |

A & E Holdings Limited

Contents

| | Page |
|---|-------------|
| Strategic report | 1 |
| Directors' report | 2 - 3 |
| Independent auditor's report | 4 - 5 |
| Group statement of income and retained earnings | 6 |
| Group statement of financial position | 7 |
| Company statement of financial position | 8 |
| Group statement of cash flows | 9 |
| Notes to the financial statements | 10 - 20 |

A & E Holdings Limited
Strategic Report
for the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Business review

As shown in the group's statement of income and retained earnings, turnover has increased from last year with the industry starting to show signs of growth and an increased investment for oil exploration. Profitability has remained strong due to management focusing on costs, with gross margin percentage remaining in line with last year at 49.2% (2019: 48.0%). Operating profit has increased in the year by £992,374 to £3,133,116 from £2,140,742 in 2019.

Financial risks and uncertainties

Financial risks affecting the group include the risk of reduced liquidity, finance cost risk and exchange rate risk. These risks are managed on a daily basis by controlling the cash flow including the purchase of raw materials and other services in relation to future orders. All debts are rigorously chased as they fall due. Competitive pressure is also a continuing risk for the group. The group manages the risk by maintaining strong relations with its customers, reacting efficiently to meet their demands and supplying quality products and services.

Payment of creditors

The group's policy is to pay creditors in line with each of the suppliers credit terms.

Future developments

The prospects for the year to 31 December 2021 are very encouraging. The Group continues to operate a strong order book and the directors are looking forward to another successful and profitable year.

Property development costs contracted for but not provided in the financial statements are £1,910,681 (2019: £Nil)

The COVID-19 pandemic will continue to have an impact on the global economy, but the directors anticipate the potential impacts to the Company and the Group to remain very manageable. For the safety of all members of staff, the Company and the Group are committed to maintaining a COVID safe workplace.

Whilst the impact of Brexit will evolve in 2021, the directors are monitoring developments closely and looking to mitigate any risks that may arise on supply chain, customers and people. The directors' view is that Brexit will not detrimentally affect the business in the UK in the short and medium term.

On behalf of the board



K G Brownlee

Director

15 March 2021

A & E Holdings Limited
Directors' Report
for the year 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the group continued to be that of engineers and designers of hydraulic equipment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K G Brownlee
Dr W Dieter

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, B M Howarth Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

A & E Holdings Limited
Directors' Report (continued)
for the year 31 December 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



K G Brownlee

Director

15 March 2021

A & E Holdings Limited

Independent Auditor's Report

to the Members of A & E Holdings Limited

Opinion

We have audited the financial statements of A & E Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of income and retained earnings, the group statement of financial position, the company statement of financial position, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

A & E Holdings Limited

Independent Auditor's Report (continued) to the Members of A & E Holdings Limited

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 strategic report and the directors' report.

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.

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 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.

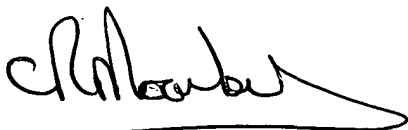
Auditor's responsibilities for the audit of the financial statements

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: <http://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.



Charles R Moorby (Senior Statutory Auditor)

for and on behalf of B M Howarth Ltd

Chartered Accountants

Statutory Auditor

West House

King Cross Road

Halifax

West Yorkshire

HX1 1EB

15 March 2021

A & E Holdings Limited

Group Statement Of Income And Retained Earnings for the year ended 31 December 2020

| | Notes | 2020 £ | 2019 £ |
|--------------------------------------|----------|-------------|-------------|
| Turnover | 2 | 17,286,890 | 15,794,900 |
| Cost of sales | | (8,782,720) | (8,217,689) |
| Gross profit | | 8,504,170 | 7,577,211 |
| Administrative expenses | | (5,398,031) | (5,436,469) |
| Other operating income | | 26,977 | - |
| Operating profit | 3 | 3,133,116 | 2,140,742 |
| Interest receivable | | 1,690 | 2,196 |
| Interest payable | | - | (127) |
| Profit before taxation | | 3,134,806 | 2,142,811 |
| Tax on profit | 7 | (599,449) | (401,569) |
| Profit for the financial year | | 2,535,357 | 1,741,242 |
| Retained earnings brought forward | | 12,582,203 | 10,840,961 |
| Retained earnings carried forward | | 15,117,560 | 12,582,203 |

Profit for the financial year is all attributable to the owners of the parent company.


Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

A & E Holdings Limited
Group Statement of financial position
as at 31 December 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|--------------------|--------------------------|--------------------|--------------------------|
| Fixed assets | | | | | |
| Intangible assets | 8 | 34,677 | | 58,163 | |
| Tangible assets | 9 | 5,220,843 | | 4,937,781 | |
| | | <u>5,255,520</u> | | <u>4,995,944</u> | |
| Current assets | | | | | |
| Stocks | 12 | 5,477,830 | | 5,317,560 | |
| Debtors | 13 | 3,656,210 | | 3,915,284 | |
| Cash at bank and in hand | | 4,309,813 | | 2,096,482 | |
| | | <u>13,443,853</u> | | <u>11,329,326</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(2,175,291)</u> | | <u>(2,406,087)</u> | |
| Net current assets | | | 11,268,562 | | 8,923,239 |
| Total assets less current liabilities | | | <u>16,524,082</u> | | <u>13,919,183</u> |
| Provisions for liabilities | | | <u>(355,112)</u> | | <u>(285,570)</u> |
| Net assets | | | <u><u>16,168,970</u></u> | | <u><u>13,633,613</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | 307,216 | | 307,216 | |
| Share premium account | | 145,294 | | 145,294 | |
| Other reserves | | 59,000 | | 59,000 | |
| Capital redemption reserve | | 539,900 | | 539,900 | |
| Profit and loss reserves | | <u>15,117,560</u> | | <u>12,582,203</u> | |
| Total equity | | | <u><u>16,168,970</u></u> | | <u><u>13,633,613</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 15 March 2021 and are signed on its behalf by:


K G Brownlee
Director

A & E Holdings Limited
Company Statement of financial position
as at 31 December 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|----------------|---|----------------|---|
| Fixed assets | | | | | |
| Investments | 10 | 1,062,112 | | 1,062,112 | |
| Creditors: amounts falling due within one year | 14 | (69,702) | | (69,702) | |
| Total assets less current liabilities | | <u>992,410</u> | | <u>992,410</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 16 | 307,216 | | 307,216 | |
| Share premium account | | 145,294 | | 145,294 | |
| Capital redemption reserve | | 539,900 | | 539,900 | |
| Total equity | | <u>992,410</u> | | <u>992,410</u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own statement of income and retained earnings and related notes. The company's profit for the year was £nil (2019: £nil).

The financial statements were approved by the board of directors and authorised for issue on 15 March 2021 and are signed on its behalf by:



K G Brownlee
Director

Company Registration No. 03909303

A & E Holdings Limited

Group Statement Of Cash Flows for the year ended 31 December 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-------------------------|---|-------------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | 3,046,721 | | 432,348 | |
| Interest paid | | - | | (127) | |
| Income taxes paid | | (348,301) | | (376,140) | |
| Net cash inflow from operating activities | | <u>2,698,420</u> | | <u>56,081</u> | |
| Investing activities | | | | | |
| Purchase of intangible assets | | - | | (27,405) | |
| Purchase of tangible fixed assets | | (502,354) | | (367,516) | |
| Proceeds on disposal of tangible fixed assets | | 15,575 | | 10,400 | |
| Interest received | | <u>1,690</u> | | <u>2,196</u> | |
| Net cash used in investing activities | | <u>(485,089)</u> | | <u>(382,325)</u> | |
| Financing activities | | | | | |
| Payment of finance leases obligations | | - | | (3,994) | |
| Net cash used in financing activities | | <u>-</u> | | <u>(3,994)</u> | |
| Net increase/(decrease) in cash and cash equivalents | | <u>2,213,331</u> | | <u>(330,238)</u> | |
| Cash and cash equivalents at beginning of year | | <u>2,096,482</u> | | <u>2,426,720</u> | |
| Cash and cash equivalents at end of year | | <u><u>4,309,813</u></u> | | <u><u>2,096,482</u></u> | |

A & E Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020

1 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of the exemptions available for parent company information presented within the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of A & E Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

Intangible fixed assets other than goodwill

Intangible fixed assets other than goodwill are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

1 Accounting policies

(continued)

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

| | |
|---------------------------|---------------------------|
| Certifications & licences | 2 - 5 years straight line |
|---------------------------|---------------------------|

Tangible fixed assets

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

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

| | |
|-----------------------|---------------------------|
| Freehold buildings | 50 years straight line |
| Plant and equipment | 10% on written down value |
| Fixtures and fittings | 10% on written down value |
| Motor vehicles | 25% on written down value |

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Fixed asset investments

In the parent company financial statements, investments in subsidiaries are measured at cost less impairment.

Impairment of fixed assets

Investments in subsidiaries are tested for impairment on an annual basis against the net assets of each subsidiary.

Stocks

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

At each reporting date, an assessment is made for stock obsolescence based on historical experience and knowledge of product sales. Any revision in the provision required is recognised immediately through profit or loss.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

1 Accounting policies

(continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Government grants

Government grants are recognised at the fair value of the asset received and are recognised over the same period in which related costs are incurred.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Research and development expenditure

Research and development expenditure is charged to profits in the period in which it is incurred.

2 Turnover and other revenue

| | 2020 £ | 2019 £ |
|----------------------------------|-------------------|-------------------|
| United Kingdom | 4,902,525 | 4,673,393 |
| Rest of World | 12,384,365 | 11,121,507 |
| | <u>17,286,890</u> | <u>15,794,900</u> |
| Other significant revenue | | |
| Interest income | 1,690 | 2,196 |
| Grants received | 26,977 | - |
| | <u>28,667</u> | <u>2,196</u> |

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

3 Operating profit

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange gains | (154,385) | (27,830) |
| Research and development costs | 67,390 | 49,625 |
| Government grants | (26,977) | - |
| Depreciation of owned tangible fixed assets | 197,074 | 185,009 |
| Loss on disposal of tangible fixed assets | 6,643 | 1,541 |
| Amortisation of intangible assets | 23,486 | 36,392 |
| Operating lease charges | 84,851 | 80,223 |
| Auditors remuneration - audit of the group and company | 3,000 | 3,000 |
| - audit of the subsidiaries | 22,000 | 22,000 |
| | <u> </u> | <u> </u> |

4 Employees

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

| | 2020 Number | 2019 Number |
|----------------------------------|-------------------|-------------------|
| Production | 51 | 52 |
| Engineering & quality | 21 | 20 |
| Sales, accounts & administration | 26 | 23 |
| | <u> </u> | <u> </u> |
| | 98 | 95 |
| | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 3,499,959 | 3,334,793 |
| Social security costs | 348,873 | 331,703 |
| Pension costs | 70,775 | 60,824 |
| | <u> </u> | <u> </u> |
| | 3,919,607 | 3,727,320 |
| | <u> </u> | <u> </u> |

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

5 Directors' remuneration

| | 2020 £ | 2019 £ |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>222,275</u> | <u>209,000</u> |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2020 £ | 2019 £ |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>172,275</u> | <u>159,000</u> |

6 Retirement benefit schemes

| Group | 2020 | 2019 |
|--------------------------|---------------|---------------|
| Charge to profit or loss | <u>70,775</u> | <u>60,824</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

7 Taxation

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 529,907 | 358,301 |
| Adjustments in respect of prior periods | - | 1,199 |
| Total current tax | 529,907 | 359,500 |
| Deferred tax | | |
| Origination and reversal of timing differences | 63,530 | 42,069 |
| Adjustment in respect of prior periods | 6,012 | - |
| Total deferred tax | 69,542 | 42,069 |
| Total tax charge for the year | 599,449 | 401,569 |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Profit before taxation | 3,134,806 | 2,142,811 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 595,613 | 407,134 |
| Tax effect of expenses that are not deductible in determining taxable profit | 2,289 | 3,403 |
| Adjustments in respect of prior years | - | 1,199 |
| Group relief | - | 11,002 |
| Permanent capital allowances in excess of depreciation | - | (11,002) |
| Depreciation on assets not qualifying for tax allowances | 10,546 | - |
| Research and development tax credit | (16,645) | (11,801) |
| Deferred tax adjustments in respect of prior years | 6,012 | - |
| Goodwill amortisation | 1,634 | 1,634 |
| Taxation charge for the year | 599,449 | 401,569 |

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

8 Intangible fixed assets

| Group | Goodwill £ | Certifications & licences £ | Total £ |
|------------------------------------|---------------|-----------------------------------|------------|
| Cost | | | |
| At 1 January 2020 | 42,994 | 83,147 | 126,141 |
| Disposals | - | (40,408) | (40,408) |
| At 31 December 2020 | 42,994 | 42,739 | 85,733 |
| Amortisation and impairment | | | |
| At 1 January 2020 | 20,064 | 47,914 | 67,978 |
| Amortisation charged for the year | 8,599 | 14,887 | 23,486 |
| Disposals | - | (40,408) | (40,408) |
| At 31 December 2020 | 28,663 | 22,393 | 51,056 |
| Carrying amount | | | |
| At 31 December 2020 | 14,331 | 20,346 | 34,677 |
| At 31 December 2019 | 22,930 | 35,233 | 58,163 |

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

9 Tangible fixed assets

| Group | Freehold buildings £ | Plant and equipment £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|----------------------------|-----------------------------|-------------------------------|------------------------|------------|
| Cost | | | | | |
| At 1 January 2020 | 3,645,310 | 1,112,242 | 1,226,351 | 10,705 | 5,994,608 |
| Additions | 90,387 | 282,682 | 129,285 | - | 502,354 |
| Disposals | - | (17,100) | (99,191) | (4,764) | (121,055) |
| At 31 December 2020 | 3,735,697 | 1,377,824 | 1,256,445 | 5,941 | 6,375,907 |
| Depreciation and impairment | | | | | |
| At 1 January 2020 | 51,323 | 589,573 | 410,434 | 5,497 | 1,056,827 |
| Depreciation charged in the year | 51,696 | 57,195 | 87,013 | 1,170 | 197,074 |
| Eliminated in respect of disposals | - | (12,538) | (83,259) | (3,040) | (98,837) |
| At 31 December 2020 | 103,019 | 634,230 | 414,188 | 3,627 | 1,155,064 |
| Carrying amount | | | | | |
| At 31 December 2020 | 3,632,678 | 743,594 | 842,257 | 2,314 | 5,220,843 |
| At 31 December 2019 | 3,593,987 | 522,669 | 815,917 | 5,208 | 4,937,781 |

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

10 Fixed asset investments

| Company | 2020 £ | 2019 £ |
|-----------------------------|------------------|------------------|
| Investments in subsidiaries | <u>1,062,112</u> | <u>1,062,112</u> |

11 Subsidiaries

The company owns 100% of the Ordinary share capital of the following companies incorporated in England and Wales

| Name of undertaking | Registered office |
|---------------------------------|---|
| Alton Precision Engineering Ltd | 27a Chemical Lane, Staffordshire, ST6 4PB |
| Quality Hydraulic Power Ltd | West House, King Cross Road, Halifax, West Yorkshire, HX1 1EB |

12 Stocks

| Group | 2020 £ | 2019 £ |
|------------------|------------------|------------------|
| Raw materials | 3,747,303 | 3,384,176 |
| Work in progress | <u>1,730,527</u> | <u>1,933,384</u> |
| | <u>5,477,830</u> | <u>5,317,560</u> |

13 Debtors

| Group | 2020 £ | 2019 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 3,482,355 | 3,586,128 |
| Other debtors | 55,938 | 189,433 |
| Prepayments and accrued income | <u>117,917</u> | <u>139,723</u> |
| | <u>3,656,210</u> | <u>3,915,284</u> |

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

14 Creditors: amounts falling due within one year

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|------------------------------------|--------------------|------------------|----------------------|---------------|
| Trade creditors | 1,181,042 | 1,623,138 | - | - |
| Amounts owed to group undertakings | - | - | 69,702 | 69,702 |
| Corporation tax payable | 309,907 | 128,301 | - | - |
| Other taxation and social security | 190,414 | 175,960 | - | - |
| Other creditors | 3,320 | 5,277 | - | - |
| Accruals and deferred income | 490,608 | 473,411 | - | - |
| | <u>2,175,291</u> | <u>2,406,087</u> | <u>69,702</u> | <u>69,702</u> |

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| Accelerated capital allowances | <u>355,112</u> | <u>285,570</u> |

The company has no deferred tax assets or liabilities.

| | Group 2020 £ | Company 2020 £ |
|-------------------------------|--------------------|----------------------|
| Movements in the year: | | |
| Liability at 1 January 2020 | 285,570 | - |
| Charge to profit or loss | 69,542 | - |
| Liability at 31 December 2020 | <u>355,112</u> | <u>-</u> |

16 Share capital

| | Group and company 2020 £ | 2019 £ |
|---|--------------------------------|---------------|
| Ordinary share capital Issued and fully paid | | |
| 14,706 Ordinary shares of £1 each | <u>14,706</u> | <u>14,706</u> |

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

16 Share capital

(continued)

Preference share capital

Issued and fully paid

| | | |
|--|-----------------------|-----------------------|
| 150,000 Preference 'A' shares of £1 each | 150,000 | 150,000 |
| 142,510 Preference 'B' shares of £1 each | 142,510 | 142,510 |
| | <u>292,510</u> | <u>292,510</u> |
| Total equity share capital | <u><u>307,216</u></u> | <u><u>307,216</u></u> |

The 'A' and 'B' preference shares are redeemable at the option of the company and carry a non-cumulative 5% coupon.

The 'A' shares have voting rights equal to those of the Ordinary shares. The 'B' shares carry no voting rights.

17 Operating lease commitments

Lessee

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

Group

| | 2020 £ | 2019 £ |
|----------------------------|-----------------------|-----------------------|
| Within one year | 194,866 | 101,959 |
| Between two and five years | 309,872 | 85,551 |
| | <u><u>504,738</u></u> | <u><u>187,510</u></u> |

18 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|----------------------------|-------------------------|-----------------|----------------------|-----------------|
| Property development costs | <u><u>1,910,681</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

19 Events after the reporting date

In March 2020, the World Health Organisation declared the recent outbreak of a novel strain of coronavirus (COVID-19) to be a global pandemic. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have an adverse impact on the business in future periods.

A & E Holdings Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2020

20 Related party transactions

The company has taken advantage of the exemption available from the requirement to disclose transactions with those group companies which are consolidated in the group financial statements of A & E Holdings Limited.

During the year the group made sales of £3,284,203 (2019: £2,656,762) to other group companies in the Hydac group (which were not included in these consolidated accounts) and purchases of £424,994 (2019: £500,763). The amount due from these companies at 31 December 2020 was £512,080 (2019: £523,341) and the amounts due to these companies at that date was £29,574 (2019: £56,706).

21 Controlling party

In the opinion of the directors, the ultimate parent undertaking in the current and previous financial year is Hydac AG, a company registered in Switzerland.

The smallest group and largest group for which consolidated financial statements are prepared is that headed up by A & E Holdings Limited.

22 Cash generated from group operations

| | 2020 £ | 2019 £ |
|---|------------------|----------------|
| Profit for the year after tax | 2,535,357 | 1,741,242 |
| Adjustments for: | | |
| Taxation charged | 599,449 | 401,569 |
| Finance costs | - | 127 |
| Investment income | (1,690) | (2,196) |
| Loss on disposal of tangible fixed assets | 6,643 | 1,541 |
| Amortisation of intangible assets | 23,486 | 36,392 |
| Depreciation of tangible fixed assets | 197,074 | 185,009 |
| Movements in working capital: | | |
| Increase in stocks | (160,270) | (512,635) |
| Decrease/(increase) in debtors | 259,074 | (878,039) |
| Decrease in creditors | (412,402) | (540,662) |
| Cash generated from operations | 3,046,721 | 432,348 |

23 Company information

A & E Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is West House, King Cross Road, Halifax, West Yorkshire, HX1 1EB.

The group consists of A & E Holdings Limited and all of its subsidiaries.