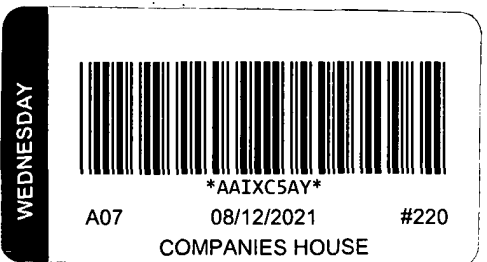


Ellard Limited

Annual Report and Financial Statements

Year Ended 31 December 2020

Company Number 04036325



Ellard Limited

Company Information

Directors	J McGorrigan P I Rowlands R Taylor P Connor S J Woolger
Company secretary	J McGorrigan
Registered number	04036325
Registered office	Ellard House Floats Road Roundthorn Industrial Estate Manchester M23 9WB
Independent auditor	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
Bankers	Handelsbanken 4th Floor 15 Quay Street Manchester M3 3HN

Ellard Limited

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Ellard Limited

Strategic Report For the Year Ended 31 December 2020

The directors present the strategic report together with the audited financial statements for the year ended 31 December 2020.

Results and performance

We are happy to announce that the acquisition and merger of NRG Automation Ltd went as anticipated.

The incorporation of the NRG business in its first full year certainly helped to significantly reduce the overall seasonal and product risk for the company while increasing turnover. Additionally, profits increased through gross margin increases and cost savings.

During the year we claimed £239,000 through the government furlough scheme. We also took advantage of deferring payments through the VAT deferral scheme.

Covid played a major part in the operations of the business during 2020 but fortunately though it impacted on the results, we still moved forward in the year. During the year we undertook a future workforce project to redesign our workforce. We lost seven people as a result of this, the majority of whom were through voluntary means, at a cost to the company of £53,000.

Our review of key suppliers was unfortunately put on hold due to the travelling restrictions around Covid.

At Ellard we adhere not only to our own ethics, but also to the Indutrade Code of Conduct to ensure we maintain a reputation for high standards.

Our target of reducing the working capital after the merger was successful, and with hard work we were able to reduce the working capital by 9%.

During the year the company joined the ultimate parent company's cash pool. This facility had the effect of removing the group loan previously in place and replacing it with a flexible overdraft. This overdraft ensures funds are available both for future development and to mitigate any liquidity risk during the current uncertain economic climate.

Key performance indicators

Sales at £15m were 17% higher than that of our comparative period and despite continuing margin pressure felt due to the effect of lower exchange rates. Gross margin percentage of 31% (2019 - 27%) reflects the exchange rate pressure, as well as a change in product mix following the integration of NRG. Profit before tax of £1.5m (2019 - £0.8m) is a satisfactory result given the pressure on margin and costs incurred in the year resulting from the restructuring of the business.

The directors would like to thank all the staff at Ellard Limited for their professionalism, enthusiasm and hard work through a difficult trading period to achieve the successful results that we are reporting.

There are no non-financial KPIs considered for disclosure by the directors.

Ellard Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties

Currency

The business pays its suppliers in Euros, Dollars and Sterling. As such exchange fluctuations can have an effect on the company's results. The Directors are confident that our currency hedging programmes mitigate the effect of that risk.

Covid-19

The impact of COVID-19 in 2020 as well as through into 2021 is still having an impact on both people and financial markets. Ellard's executive management team and Board of Directors are still following the directives issued by the government to protect our staff and the business.

The full impact of COVID-19 is not yet known, but we feel that the plans put into place to protect our staff and business, have played a vital role in Ellard's improved financial performance.

Brexit

We believed that the plans we put in place in 2019 helped us deal with the transition effect well. Our currency hedging policy through our parent company had worked well, and the only noticeable issue has been the supply of goods to Northern Ireland and Eire. This is due to the increased documentation requirements placed both on Ellard and our customers. We are mitigating these issues as much as possible through the use of the Trader Support Service system and having a member of staff dedicated to resolving any issues.

Supply Chains

Our supply chain has been significantly affected by covid, Brexit and the global shipping equipment shortages. This has resulted in;

- Significant delays - which we have offset by increasing stock levels.
- Increased costs - which we have passed onto our customers in a difficult market

The worldwide shortage of semi-conductors could have an impact on our business in the later stages of 2021. We have taken steps to mitigate this risk until the end of Q2 2022 all be it at increased costs, which again we will recover.

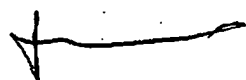
Future developments and going concern

The 2021 economic climate remains difficult and due to the impact of COVID-19 and supply chain issues remains uncertain. However, based on the available information on the future and the mitigating action taken by the company, the directors consider that the company has the plans as discussed above and the resources to manage its business risk successfully.

After making enquires the directors have a reasonable expectation that the company has adequate resources to continue their operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the accounts.

This report was approved by the board on

and signed on its behalf.



J McGorrigan
Director

06 December 2021

Ellard Limited

Directors' Report For the Year Ended 31 December 2020

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company was the design, manufacture and distribution of electric drives for industrial, commercial and domestic doors and gates.

Business review

A review of the business and its principal risks and uncertainties and future developments is set out in the strategic report.

Results and dividends

The profit for the year, after taxation, amounted to £1,107,882 (2019 - £709,387).

The company paid a dividend of £Nil during the year (2019 - £800,971).

Directors

The directors who served during the year were:

J McGorrigan
P I Rowlands
R Taylor
P Connor
S J Woolger (appointed 19 February 2020)
J R Harding (resigned 15 September 2020)

Disclosure of information to auditor

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

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

Auditor

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

Ellard Limited

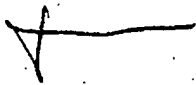
Directors' Report (continued) For the Year Ended 31 December 2020

Post balance sheet event

Since the reporting date, the UK has entered into subsequent lockdowns that have affected companies across the UK and the full impact and duration of the COVID-19 pandemic remains difficult to predict. At the date of approving the financial statements, the Directors remain optimistic for the future period of trade, despite the risks and uncertainties referred to in the Strategic Report. Aside from the ongoing impact of COVID-19, there have been no significant events affecting the company since the year end.

This report was approved by the board on

and signed on its behalf.



J McGorrigan
Director

06 December 2021

Ellard Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

Ellard Limited

Independent Auditor's Report to the Members of Ellard Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ellard Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, 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).

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Ellard Limited

Independent Auditor's Report to the Members of Ellard Limited (continued)

Other Companies Act 2006 reporting

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

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

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 Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Ellard Limited

Independent Auditor's Report to the Members of Ellard Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, the financial reporting framework and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, with a focus on manual journals to revenue, unusual account combinations and journals indicating large or unusual transactions based on our understanding of the business;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Challenging assumptions, accounting estimates and judgements made by the Directors, particularly in relation to provisions for stock and bad and doubtful debts;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ellard Limited

Independent Auditor's Report to the Members of Ellard Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Graham Ellis

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Graham Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

06 December 2021

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

Ellard Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	14,966,235	12,776,286
Cost of sales		(10,367,931)	(9,373,924)
Gross profit		4,598,304	3,402,362
Administrative expenses		(3,289,920)	(2,957,978)
Other operating income	5	233,637	-
Other operating charges		(6,349)	(6,105)
Operating profit	6	1,535,672	438,279
Income from fixed assets investments		-	446,280
Interest receivable and similar income	10	111	-
Interest payable and similar expenses	11	(63,847)	(82,301)
Profit before taxation		1,471,936	802,258
Taxation on profit	12	(364,054)	(92,871)
Profit for the financial year attributable to equity holders of the company		1,107,882	709,387
Total comprehensive income for the year attributable to the equity holders of the company		1,107,882	709,387

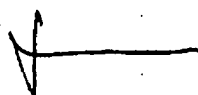
The notes on pages 13 to 27 form part of these financial statements.

Ellard Limited
Registered number: 04036325

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	14		1,840,998		2,073,532
Tangible assets	15		263,487		266,027
Investments	16		-		100
			<u>2,104,485</u>		<u>2,339,659</u>
Current assets					
Stocks	17	4,623,140		4,906,078	
Debtors: amounts falling due within one year	18	3,652,555		3,597,345	
Cash at bank and in hand		697,092		1,207,227	
		<u>8,972,787</u>		<u>9,710,650</u>	
Creditors: amounts falling due within one year	19	(5,570,936)		(7,651,855)	
Net current assets			<u>3,401,851</u>		<u>2,058,795</u>
Total assets less current liabilities			<u>5,506,336</u>		<u>4,398,454</u>
Net assets			<u>5,506,336</u>		<u>4,398,454</u>
Capital and reserves					
Called up share capital	21		2		2
Profit and loss account	22		5,506,334		4,398,452
Total shareholder's funds			<u>5,506,336</u>		<u>4,398,454</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on



J McGorrigan
Director

The notes on pages 13 to 27 form part of these financial statements.

06 December 2021

Ellard Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	2	4,398,452	4,398,454
Comprehensive income for the year			
Profit for the year	-	1,107,882	1,107,882
Total comprehensive income for the year	-	1,107,882	1,107,882
Total transactions with owners	-	-	-
At 31 December 2020	2	5,506,334	5,506,336

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2	4,490,036	4,490,038
Comprehensive income for the year			
Profit for the year	-	709,387	709,387
Total comprehensive income for the year	-	709,387	709,387
Dividends: Equity capital	-	(800,971)	(800,971)
Total transactions with owners	-	(800,971)	(800,971)
At 31 December 2019	2	4,398,452	4,398,454

The notes on pages 13 to 27 form part of these financial statements.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Ellard Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is disclosed in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Indutrade AB as at 31 December 2020 and these financial statements may be obtained from Raseborgsgatan 9, 16474 Kista, Sweden.

2.3 Consolidation

The financial statements contain information about Ellard Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006. The ultimate parent company is Indutrade AB, a company incorporated in Sweden.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Going concern

The company continues to mitigate the effects of COVID 19, which includes twice weekly lateral flow tests, PCR testing on a positive result and enforced isolations. As COVID 19 cases increase in the last quarter of 2021, we remain vigilant as to the possibility of an escalation of the pandemic again, and we are confident of taking adequate precautions to safeguard the employee and the business.

In June 2020 the company joined the Indutrade group cash pool arrangement, allowing the company access to bank overdraft facilities up to £4.65m. The company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the company will operate well within these facilities. As set out in the Strategic Report, there are no known risks to the business that could materially influence the company's ability to remain within the facility limit. As such, the directors are satisfied that the company has sufficient available cashflows to navigate at the least the forthcoming 12 months.

Based on the above, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not reflect any adjustments as a result of the increase in economic uncertainty resulting from COVID 19.

2.5 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts. Sales of goods are recognised when the risks and rewards in the goods have passed.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10 - 25% per annum
Motor vehicles	- 25% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.12 Foreign currency translation (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

Forward contracts are entered in to where the company enters in to a contract to buy/sell currency at a set rate at a future date. These are re-valued at the year end and any exchange gains/losses are recognised in the statement of comprehensive income.

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.16 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.17 Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.18 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life, which is 10 years.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of a company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Bad debt provision (see note 18)

The directors use judgement to consider whether debtors will be recoverable, utilising guidance within FRS 102. The company must conclude if a provision is needed against doubtful debts.

- Stock provision

The company must determine whether stock is recorded at the lower of cost and net realisable value. Factors taken into consideration are the period of time since the item was last sold, the potential for future sales, and any actual sales post year end.

- Operating leases (see note 24)

Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

4. Turnover

Turnover and profit before tax are attributable to the one principal activity of the company, being the design, manufacture and distribution of electric drives for doors and gates. As a result, all revenue relates to the sale of goods, originating from the UK.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	13,948,166	11,752,929
Rest of Europe	931,181	885,995
Rest of the world	86,888	137,362
	<u>14,966,235</u>	<u>12,776,286</u>

5. Other operating income

	2020 £	2019 £
Furlough income	233,637	-

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	101,969	88,619
Defined contribution pension cost	94,860	73,734
Exchange differences	3,888	42,255
Research & development charged as an expense	1,597	1,498
Furlough income	(233,637)	-
Management charge	6,348	6,105
Auditors' remuneration - audit	20,100	20,100
Auditors' remuneration - taxation services	2,250	2,250
Auditors' remuneration - other non audit services	1,250	1,250
Operating lease rentals	151,909	147,063
Loss on disposal of assets	3,254	8,696

7. Employees

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

	2020 £	2019 £
Wages and salaries	1,633,108	1,503,904
Social security costs	162,388	153,212
Cost of defined contribution scheme	94,860	73,734
	<u>1,890,356</u>	<u>1,730,850</u>

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

	2020 No.	2019 No.
Sales and distribution	33	30
Operations	15	13
Administration	8	8
	<u>56</u>	<u>51</u>

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	259,672	381,906
Directors' pension costs	23,153	27,053
	<u>282,825</u>	<u>408,959</u>

The highest paid director received remuneration of £99,774 (2019 - £130,189).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,333 (2019 - £16,874).

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company and their remuneration is disclosed in note 26.

9. Income from investments

	2020 £	2019 £
Dividends received	-	446,280

10. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	111	-

11. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	20,430	558
Loans from group undertakings	43,417	81,743
	<u>63,847</u>	<u>82,301</u>

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	341,589	124,067
Over/(under) provision in prior year	2,999	(437)
Total current tax	344,588	123,630
Deferred tax		
Origination and reversal of timing differences	26,944	(31,150)
Adjustments in respect of prior periods	(2,683)	391
Effect of tax rate change on opening balance	(4,795)	-
Total deferred tax	19,466	(30,759)
Taxation on profit on ordinary activities	364,054	92,871
Factors affecting tax charge for the year		

The tax assessed for the year is higher than than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,471,936	802,258
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	279,668	152,429
Effects of:		
Fixed asset differences	92,025	6,932
Income not taxable for tax purposes	-	(84,793)
Other tax adjustments, reliefs and transfers	-	(43)
Adjustments to tax charge in respect of previous periods	2,999	(437)
Adjustments to tax charge in respect of previous periods - deferred tax	(2,683)	391
Adjust closing deferred tax to average rate of 19.00%	-	6,030
Adjust opening deferred tax to average rate of 19.00%	-	(815)
Deferred tax not recognised	(13,177)	13,177
Expenses not deductible for tax purposes	11,567	-
Remeasurement of deferred tax for changes in tax rates	(6,345)	-
Total tax charge for the year	364,054	92,871

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Taxation (continued)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 31 December 2020 has been calculated based on the rate as at the year end date.

13. Dividends

	2020 £	2019 £
Dividends paid £Nil per share (2019 - £400,485.50 per share)	-	800,971

14. Intangible assets

	Goodwill £
Cost	
At 1 January 2020	2,325,341
At 31 December 2020	2,325,341
Amortisation	
At 1 January 2020	251,809
Charge for the year	232,534
At 31 December 2020	484,343
Net book value	
At 31 December 2020	1,840,998
At 31 December 2019	2,073,532

The company owns the entire share capital of NRG Automation Limited. During 2019, the investment in NRG Automation Limited was transferred to goodwill following the hive up of the trade and assets on 1 April 2019, 30 September 2019 and 17 December 2019. The level of goodwill recognised was capped at the level of goodwill that would have arisen on the original acquisition date of NRG Automation Limited.

The goodwill recognised is being amortised over the assigned 10 year useful economic life.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2020	599,324	183,373	782,697
Additions	48,032	53,660	101,692
Disposals	(171,961)	(30,914)	(202,875)
At 31 December 2020	475,395	206,119	681,514
Depreciation			
At 1 January 2020	421,088	95,582	516,670
Charge for the year	54,628	47,341	101,969
Disposals	(170,519)	(30,093)	(200,612)
At 31 December 2020	305,197	112,830	418,027
Net book value			
At 31 December 2020	170,198	93,289	263,487
At 31 December 2019	178,236	87,791	266,027

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

16. Fixed asset investments

	Investments in subsidiary company £
Cost	
At 1 January 2020	100
Disposals	(100)
At 31 December 2020	-
Net book value	
At 31 December 2020	-
At 31 December 2019	100

17. Stocks

	2020 £	2019 £
Finished goods and goods for resale	4,623,140	4,906,078

Stock recognised in cost of sales as an expense during the year was £10,169,486 (2019 - £8,853,498).

There was no material difference between the carrying value of stock and its replacement cost.

18. Debtors: amounts due within one year

	2020 £	2019 £
Trade debtors	3,429,660	3,272,590
Prepayments and accrued income	115,230	133,573
Other debtors	12,020	59,569
Deferred taxation	18,609	38,075
Amounts owed by group undertakings	77,036	93,538
	3,652,555	3,597,345

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

18. Debtors: amounts due within one year (continued)

Amounts owed by group undertakings are due on demand and interest free.

The impairment loss recognised in the profit or loss for the period in respect of bad and doubtful trade debtors was £169,906 (2019 - £Nil)

19. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	1,985,434	-
Trade creditors	1,915,264	1,450,563
Other taxation and social security	753,030	356,663
Other creditors	579,107	1,050,567
Accruals and deferred income	156,652	451,599
Corporation tax	167,637	198,242
Amounts owed to group undertakings	13,812	4,144,221
	<u>5,570,936</u>	<u>7,651,855</u>

Amounts owed to group undertakings are repayable on demand and incur interest at 2.0314% during the year ended 31 December 2019.

20. Deferred taxation

	2020 £
At beginning of year	38,075
Charged in the year	(19,466)
At end of year	<u>18,609</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	13,871	34,579
Short-term timing differences	4,738	3,496
	<u>18,609</u>	<u>38,075</u>

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £94,860 (2019 - £73,734). Contributions totalling £1,366 (2019 - £1,509) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	164,983	164,983
Later than 1 year and not later than 5 years	286,699	451,682
	451,682	616,665

The commitment is in relation to a property occupied by the company and will run for a further three years. The commitment is calculated on the basis that the lease will run to its expiration date and therefore does not account for any break clauses that may be in place. It also excludes any increases in rent that may be payable following any scheduled rent reviews implicit in the lease agreement.

Ellard Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

25. Other financial commitments

At the year end, the company had outstanding forward contracts to buy \$Nil (2019 - \$6,162,892) at a sterling value of £Nil (2019 - £4,700,993), calculated using the year end rate of £1:\$1.31 (2018 - £1:\$1.26).

At the year end, the company had outstanding forward contracts to buy €Nil (2019 - €1,945,000) at a sterling value of £Nil (2019 - £1,661,415), calculated using the year end rate of £1:€Nil (31 December 2019 - £1:€1.17).

The maturity dates of the forward contracts are all within twelve months of the year end and the fair value adjustment has been assessed as £Nil (2019 - £262,209), recognised within other creditors.

26. Related party transactions

The company has taken the exemption from disclosure of related party transactions within the group for undertakings who are 100% owned.

Key management personnel include all directors and 1 senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company for the year was £293,207 (2019 - £484,044). The value of the company's contributions paid to a defined contribution pension scheme in respect of key management personnel for the year amounted to £24,386 (2019 - £29,465).

27. Post balance sheet events

Since the reporting date, the UK has entered into subsequent lockdowns that have affected companies across the UK and the full impact and duration of the COVID-19 pandemic remains difficult to predict. At the date of approving the financial statements, the Directors remain optimistic for the future period of trade, despite the risks and uncertainties referred to in the Strategic Report. Aside from the ongoing impact of COVID-19, there have been no significant events affecting the company since the year end.

28. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Indutrade AB, a company which is incorporated in Sweden. Group accounts for Indutrade AB are available to the public from Raseborgsgatan 9, 164 74 Kista, Sweden.