

ACCURACY INTERNATIONAL LIMITED

Company No. 05375397

ACCURACY INTERNATIONAL LIMITED

Directors' report and consolidated financial statements
for the year ended

31 DECEMBER 2021

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ACCURACY INTERNATIONAL LIMITED

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ACCURACY INTERNATIONAL LIMITED

DIRECTORS AND ADVISERS

Directors

Thomas Irwin
David Walls

Registered office

Belmont House
Station Way
Crawley
West Sussex
RH10 1JA

Bankers

Natwest Bank
Commercial Road
Portsmouth
Hampshire
PO1 1ES

Auditors

CLA Evelyn Partners Limited
Chartered Accountants and
Statutory Auditor
4th Floor
Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Solicitors

Irwin Mitchell
The Corn Exchange
Baffins Lane
Chichester
West Sussex
PO19 1GE

Company's registered number

05375397

ACCURACY INTERNATIONAL LIMITED

STRATEGIC REPORT

The situation in Ukraine has had an impact around the world and is having an impact on NATO countries. This will result in increased defence budgets and one area of spending will be sniper rifles. The future impact of that will have an impact on Accuracy International and we would expect additional growth as a result.

In 2021 we introduced a new civilian competition rifle, the AT-X, which has not only had significant sales but has been winning competitions as well as being highly placed. Two awards were given to us for this new product as being best in class. The future for the AT-X and its variants looks good and we expect significant growth in the civilian competition market.

We had been impacted by the long process of obtaining export licenses but fortunately that is behind us and lead times for licenses are back to normal.

The demand for our AX range of products remains high with our military customers and both AX and AT rifle systems are popular with Law Enforcement. The civilian market demand is growing for both AX and AT ranges.


We continue to invest in R&D in order to improve our current products and use those developments to ensure that AI stays in the forefront of rifle technology.

In summary, business is stable and offers opportunity for growth in all of our chosen markets.

KPI's

	2021	2020
Return on capital employed	-25%	-7%
Gross margin	31%	36%
Operating profit percentage	-17%	-5%
Long term debt:equity ratio	0.02	0.02
Collection days	57	70
Purchases as a percentage of sales	48%	43%

Approved by the board of directors
and signed on behalf of the board


Tom Irwin (Sep 26, 2022 09:56 EDT)

Thomas Irwin
Director
Date 26/09/2022

ACCURACY INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2021.

Company's registered number

The company's registered number is 05375397.

Principal activities

The group's principal activities are the manufacture and sale of sniper rifles and related products.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by closely monitoring levels of debt whilst cash levels are reviewed on a weekly basis.

Price risk

The group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The group endeavours to limit its exposure to credit risk through the use of in-country agents and letters of credit where deemed appropriate. The amount of exposure to any individual counterparty is assessed on a case by case basis by the board.

Liquidity risk

The group actively maintains a mixture of long-term debt finance and cash funds that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Results for the year

The loss for the year after taxation was £1,451,316 (2020: loss £428,464).

Statement of recommended dividend

After reviewing the financial statements and cash position of the company the Directors have recommended that a dividend not be proposed or paid for the year.

ACCURACY INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

Directors

The directors of the company who served throughout the year are:

Thomas Irwin
David Walls

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:


- so far as that director was aware there was no relevant available information of which the group's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditors

The current auditors, CLA Evelyn Partners Limited, are deemed to be reappointed as auditors.

**Approved by the board of directors
and signed on behalf of the board**


Tom Irwin (Sep 26, 2022 09:56 EDT)

**Thomas Irwin
Director**

Date 26/09/2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report, Strategic 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 including Financial Reporting Standard 102 "The Financial Reporting Standard in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent company and of the group and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the group and parent 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCURACY INTERNATIONAL LIMITED

Qualified Opinion

We have audited the financial statements of Accuracy International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the notes to the financial statements, including 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, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss 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 qualified opinion

The restrictions imposed due to COVID-19 in response to government guidance meant we did not observe the counting of physical inventories at 31 December 2020. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 December 2020, which are included in the balance sheet at £2,478,455 by using other audit procedures. Consequently we were unable to determine whether any consequential effect to this amount at 31 December 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2021 of £7,519,357.

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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

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 group and parent 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.

ACCURACY INTERNATIONAL LIMITED

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £2,478,455 held at 31 December 2020. We have concluded that where the other information refers to related balances such as cost of sales and operating profit, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the 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.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- The Bribery Act, as the company relies heavily on tendering to win contracts.
- Firearm regulations, due to the nature of the company's operations.
- Export regulations, due to the nature of the company's operations

ACCURACY INTERNATIONAL LIMITED

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Detailed review of the procedures management has implemented over compliance with the Bribery Act and firearm regulations.
- Obtaining written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Stock provision and bad debt provision, as these are estimates made by management.
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries, particularly as the size of the company means that there is little opportunity for segregation of duties.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above, and comparison to market data and post-year-end data as appropriate.
- Substantive work on material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those posted at unusual times.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Edmonds

Andrew Edmonds (Sep 26, 2022 19:27 GMT+1)

Andrew Edmonds
Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

26/09/2022

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	7	10,865,611	13,652,897
Cost of sales		<u>(7,519,357)</u>	<u>(8,778,665)</u>
Gross profit		3,346,254	4,874,232
Administrative expenses		<u>(5,216,337)</u>	<u>(5,527,999)</u>
Operating loss		(1,870,083)	(653,767)
Other interest receivable and similar income	10	94,413	140,505
Interest payable and similar charges	11	<u>(59,462)</u>	<u>(11,679)</u>
Loss on ordinary activities before taxation	8	(1,835,132)	(524,941)
Tax on loss on ordinary activities	13	386,452	96,477
Loss for the financial year		(1,448,680)	(428,464)
Net exchange differences on translation of net investments		<u>(2,636)</u>	<u>4,815</u>
Total recognised gains and losses relating to the financial year		(1,451,316)	(423,649)

The results in both the current and previous year relate to continuing operations.

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Property, plant and equipment	15		2,953,075		3,047,939
Intangible assets	14		63,999		77,877
			<u>3,017,074</u>		<u>3,125,816</u>
Current assets					
Inventories	17	2,996,222		3,118,279	
Receivables	18	2,714,271		4,107,407	
Cash		986,127		1,342,544	
		<u>6,696,620</u>		<u>8,568,230</u>	
Payables: amounts falling due within one year	19	<u>(2,269,528)</u>		<u>(2,793,802)</u>	
Net current assets			<u>4,427,092</u>		<u>5,774,428</u>
Total assets less current liabilities			<u>7,444,166</u>		<u>8,900,244</u>
Payables: amounts falling due after more than one year	20		(166,889)		(156,588)
Provisions for liabilities	21		(180,661)		(195,724)
Net assets			<u>7,096,616</u>		<u>8,547,932</u>
Capital and reserves					
Called up share capital	22		60,000		60,000
Capital redemption reserve			530,001		530,001
Retained earnings			6,506,615		7,957,931
Shareholders' funds			<u>7,096,616</u>		<u>8,547,932</u>

The financial statements were approved and authorised for issue by the Board of Directors on 26/09/2022 and were signed on its behalf by:


Tom Irwin (Sep 26, 2022 09:56 EDT)


Thomas Irwin
Director

ACCURACY INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Property, plant and equipment	15		2,668,760		2,820,321
Intangible assets	14		63,999		77,877
Investments	16		50,000		50,000
			<hr/>		<hr/>
			2,782,759		2,948,198
Current assets					
Inventories	17	2,220,131		2,478,455	
Receivables: amounts falling due within one year	18	1,919,590		3,555,210	
Receivables: amounts falling due after more than one year	18	2,194,682		1,679,091	
Cash		749,561		1,040,579	
			<hr/>		<hr/>
			7,083,964		8,753,335
Payables: amounts falling due within one year	19	(2,063,500)		(2,618,233)	
			<hr/>		<hr/>
Net current assets			5,020,464		6,135,102
			<hr/>		<hr/>
Total assets less current liabilities			7,803,223		9,803,300
			<hr/>		<hr/>
Payables: amounts falling due after more than one year	20		(166,889)		(156,588)
Provisions for liabilities	21		(180,661)		(195,724)
			<hr/>		<hr/>
Net assets			7,455,673		8,730,988
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	22		60,000		60,000
Capital redemption reserve			530,001		530,001
Retained earnings			6,865,672		8,140,987
			<hr/>		<hr/>
Shareholders' funds			7,455,673		8,730,988
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 26/09/2022 and were signed on its behalf by:


Tom Irwin (Sep 26, 2022 09:56 EDT)

Thomas Irwin
Director

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021	2020
	£	£
Net cash (used in)/generated from operating activities	(92,810)	382,912
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	39,086	45,000
Purchase of property, plant and equipment	(337,319)	(453,899)
Purchase of intangible assets	(13,091)	(58,859)
Interest received	94,413	140,505
Net cash used in investing activities	(216,911)	(327,253)
Cash flows from financing activities		
Repayment of finance lease obligations	(202,650)	(124,951)
Funds from new loan and finance leasing arrangements	245,416	188,748
Interest paid	(59,462)	(11,679)
Dividends paid	(30,000)	(30,000)
Net cash (used in)/generated from financing activities	(46,696)	22,117
Net (decrease)/increase in cash and cash equivalents	(356,417)	77,776
Cash and cash equivalents at the beginning of the year	1,342,544	1,264,768
Cash and cash equivalents at the end of the year	986,127	1,342,544

ACCURACY INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

Group	Share Capital	Capital Redemption Reserve	Profit & loss account	Total
	£	£	£	£
As at 1 January 2020	60,000	530,001	8,411,580	9,001,581
Loss for the year			(428,464)	(428,464)
Foreign exchange translation difference			4,815	4,815
Dividends paid/proposed			(30,000)	(30,000)
As at 31 December 2020	60,000	530,001	7,957,931	8,547,932
Loss for the year			(1,448,680)	(1,448,680)
Foreign exchange translation difference			(2,636)	(2,636)
Dividends proposed			-	-
As at 31 December 2021	60,000	530,001	6,506,615	7,096,616

Company	Share Capital	Capital Redemption Reserve	Profit & loss account	Total
	£	£	£	£
As at 1 January 2020	60,000	530,001	8,330,484	8,920,485
Loss and total comprehensive income for the year			(159,497)	(159,497)
Dividends paid/proposed			(30,000)	(30,000)
As at 31 December 2020	60,000	530,001	8,140,987	8,730,988
Loss and total comprehensive income for the year			(1,275,315)	(1,275,315)
Dividends proposed			-	-
As at 31 December 2021	60,000	530,001	6,865,672	7,455,673

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

1. Company Information

Accuracy International Limited (The Company) is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom. The address of its registered office is Belmont House, Station Way, Crawley, West Sussex, RH10 1JA.

2. Basis of preparation

The Group and individual financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£).

As permitted by section 408(3) of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The parent company's loss for the year was £1,275,315 (2020: Loss of £159,497).

3. Going Concern

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have reasonable expectation that the group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements and they therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

4. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary undertaking made up to 31 December 2021. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

5. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and that affect the reported amounts of revenue and expenses during the reporting period. In this regard, the Directors believe that the critical accounting policies where judgements and estimations are necessarily applied are within stock valuation and provision for slow moving stock and the provision for bad debts.

Each year a review of stock is performed to determine any parts that have not been used within production during the preceding two years and a provision for slow moving stock is created. Parts are also provided for if they have been superseded and will no longer be used in production or if they relate to an item that is no longer going to be manufactured. With regards to providing for bad debts, the Directors assess each outstanding debt in terms of its lateness, reason for remaining outstanding past the due date, and assess the reasonable expectation of receiving the outstanding monies based upon communications with the customer with regards to the debt.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

6. Principal accounting policies

The principal accounting policies are set out below and have been consistently applied throughout the year.

a) Turnover

Turnover is measured at fair value of the consideration received or receivable and represents the amounts receivable for goods and services supplied to customers in the normal course of business, net of trade discounts, Federal Excise Tax and VAT. The principal turnover stream of the Group is the manufacturing and sale of sniper rifles and their associated spares and accessories.

Sales of goods are recognised on despatch of goods.

Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations.

b) Employee benefits

i) Short Term benefits

Short term employee benefits, including holiday pay and non-monetary benefits are recognised as an expense in the Statement of Comprehensive Income when the service is received.

ii) Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Any outstanding amounts at the period end are presented within payables.

iii) Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

c) Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The useful life is estimated at 5 years.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

d) Computer Software

Under FRS 102 purchased computer software is now recognised as an intangible asset. It is initially measured at cost and is amortised on a straight line basis over its expected useful life of five years. Cost includes the original purchase price of the asset together with those costs necessary to bring the asset to its working condition for its intended use.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation or any impairment loss. Cost includes the original purchase price and any costs attributable to bringing the asset to its working condition for its intended use.

Land is not depreciated. Property, plant and equipment are depreciated on a straight- line basis to their estimated residual values over their estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold buildings & fixtures	-	Period of the lease
Fixtures, fittings, tools & equipment	-	5 years
Plant & machinery	-	5 years

Residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

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

f) Borrowing costs

Borrowing costs are recognised in the Statement of Comprehensive Income as incurred.

g) Leased assets

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

Assets held under finance leases are included in property, plant and equipment and the capital element of the related lease commitment is shown as obligations under finance lease within payables. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Operating lease costs are charged to the Statement of Comprehensive Income on a straight- line basis over the term of the lease.

The company has taken advantage of the transitional relief available for lease incentives and where a lease commenced before the date of transition, the remaining benefit of the lease incentive continues to be recognised in accordance with previous UK GAAP. Lease incentives are credited to the Statement of Comprehensive Income on a straight- line basis over the term of the lease until the first rent review.

Rentals payable under operating leases are charged to Statement of Comprehensive Income on a straight- line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight- line basis over the lease term.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

h) Inventories

Inventories are stated at the lower of cost, using the first in first out (FIFO) method and net realisable value after making due allowance for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, the standard cost is used, being the purchase price and an appropriate proportion of attributable overhead. Net realisable value represents the estimated selling price less the estimated costs of disposal. At the end of each reporting period inventories are assessed for impairment and a slow moving provision is created for parts that have not been used in production within the previous two years £570,175 (2020: £516,689).

i) Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classed as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits.

Interest bearing bank loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate.

j) Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the Statement of Comprehensive Income.

The assets and liabilities of the overseas subsidiary undertaking are translated at the closing exchange rate. The profit and loss account of the undertaking is consolidated at the average rates of exchange during the year. Gains and losses arising on these transactions are recognised in other comprehensive income and are not reclassified to profit and loss.

k) Taxation

The tax expense recognised in the Statement of Comprehensive Income is the aggregate of current and deferred tax recognised in the reporting period.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or previous reporting periods.

Deferred tax is recognised in respect of all material timing differences at the balance sheet date.

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

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

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

l) Provisions

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

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

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

The Group also recognises a provision for the warranty repair of its products. The estimated costs are based upon the costs of warranty repairs incurred during the year and any potential costs relating to manufacturing issues known about at the year end. Actual warranty costs are charged against the provision for warranty.

m) Research and Development

Research and development costs are written off to the Consolidated Statement of Comprehensive Income as they are incurred.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

7. Turnover

Turnover, analysed geographically between markets, was as follows:

	2021	2020
Group	£	£
United Kingdom	1,876,803	2,295,907
USA	4,041,708	3,034,200
European Union	1,549,830	4,525,974
Rest of the World	3,397,270	3,796,816
	10,865,611	13,652,897
	<hr/>	
Company	2021	2020
	£	£
United Kingdom	1,876,803	2,295,907
USA	2,433,565	1,228,254
European Union	1,549,830	4,525,974
Rest of the World	3,208,670	3,767,575
	9,068,868	11,817,710
	<hr/>	

8. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2021	2020
	£	£
Auditor's remuneration:		
Fees payable for the audit of the company's annual accounts	24,841	25,790
Fees payable for other services		
Tax compliance services	8,492	3,325
Depreciation and other amounts written off property, plant & machinery:		
Owned	268,725	305,707
Leased	146,813	132,327
Amortisation of intangible fixed assets	26,969	38,630
Foreign exchange profits/(losses)	3,121	(2,054)
Other operating lease rentals	244,417	237,270
Research and development expense	208,477	228,995

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

9. Directors and employees

Staff costs during the year were as follows:

Group	2021 £	2020 £
Wages and salaries	4,181,325	4,418,988
Social security costs	379,998	403,912
Other pension costs	151,524	161,972
	<u>4,712,847</u>	<u>4,984,872</u>
Company	2021 £	2020 £
Wages and salaries	3,293,569	3,493,189
Social security costs	344,937	367,430
Other pension costs	131,604	137,202
	<u>3,770,110</u>	<u>3,997,821</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £151,524 (2020: £161,972). Contributions amounting to £nil (2020: £nil) were outstanding at the end of the year.

The average number of employees of the group during the year was:

Group	2021 Number	2020 Number
Overhead	27	28
Direct	64	66
	<u>91</u>	<u>94</u>
Company	2021 Number	2020 Number
Overhead	22	23
Direct	62	64
	<u>84</u>	<u>87</u>

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

Remuneration in respect of directors who are the Group's key management personnel was as follows:

	2021	2020
	£	£
Emoluments	1,094,445	1,082,831
Pension contributions	10,473	15,468
	<u>1,104,918</u>	<u>1,098,299</u>

During the year 1 director (2020:1) participated in the defined contribution pension scheme

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2021	2020
	£	£
Emoluments	613,287	626,555
Pension contributions	10,473	15,468
	<u>623,760</u>	<u>642,023</u>

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER
2021 (Continued)

10. Other interest receivable and similar income

	2021 £	2020 £
Interest receivable	237	2,598
Furlough and employer's retention credit income	94,176	50,770
Net exchange gains	-	87,136
	<u>94,413</u>	<u>140,504</u>

11. Interest payable and similar charges

	2021 £	2020 £
On bank loans and overdrafts		-
Finance charges payable in respect of finance leases and hire purchase contracts	14,839	11,679
Net exchange losses	44,623	-
	<u>59,462</u>	<u>11,679</u>

12. Dividends

	2021 £	2020 £
Interim dividend paid	-	30,000
	<u>-</u>	<u>30,000</u>
Final dividend proposed	-	30,000
	<u>-</u>	<u>30,000</u>

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

13. Taxation

<i>Analysis of charge in period</i>			
	2021		2020
	£	£	£
UK Corporation tax on income for the period	(156,452)		(133,025)
Adjustment in respect of prior years	1,100		-
Total current tax		(155,352)	(133,025)
<i>Deferred tax (see note 20)</i>			
(Reversal)/origination of timing differences	(231,100)		36,548
Total deferred tax		(231,100)	36,548
Tax on profit on ordinary activities		(386,452)	(96,477)

Factors affecting the tax charge for the current period

The total tax charge for the period is higher (2020: *higher*) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below.

	2021	2020
	£	£
Reconciliation of tax charge		
Loss on ordinary activities before tax	(1,835,133)	(524,941)
Current tax at 19% (2020: 19%)	(348,675)	(99,739)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(15,470)	3,746
Other timing differences	(109,729)	(98,332)
Trade intangible fixed assets	3167	-
Net difference between capital allowances and depreciation	(7,888)	3,334
Surrender of tax losses	48,554	41,284
Unrelieved losses c/wd	226,375	-
Unrecognised profits relating to Accuracy International of North America	47,214	- 53,230
Adjustment in respect of prior periods	1,100	-
Total tax charge	(155,352)	(96,477)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

14. Intangible fixed assets

Group	Software Costs £	Goodwill £	Total £
Cost			
At beginning of year	604,027	40,000	644,027
Exchange movements	897	-	897
Additions	12,194	-	12,194
	<hr/>	<hr/>	<hr/>
At end of year	617,118	40,000	657,118
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	560,150	6,000	566,150
Exchange movements	897	-	897
Charge for year	18,072	8,000	26,072
	<hr/>	<hr/>	<hr/>
At end of year	579,119	14,000	593,119
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	37,999	26,000	63,999
	<hr/>	<hr/>	<hr/>
At 31 December 2020	43,877	34,000	77,877
	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

Intangible fixed assets (continued)

Company	Software Costs £	Goodwill £	Total £
Cost			
At beginning of year	533,732	40,000	573,732
Additions	12,194	-	12,194
	<hr/>	<hr/>	<hr/>
At end of year	545,926	40,000	585,926
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	489,855	6,000	495,855
Charge for year	18,072	8,000	26,072
	<hr/>	<hr/>	<hr/>
At end of year	507,927	14,000	521,927
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	37,999	26,000	63,999
	<hr/>	<hr/>	<hr/>
At 31 December 2020	43,877	34,000	77,877
	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

15. Property, plant and equipment

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At beginning of year	3,188,409	3,061,629	656,491	6,906,529
Exchange movements	3,264	2,487	920	6,671
Additions	-	317,482	13,166	330,648
Disposals	-	(128,614)	-	(128,614)
At end of year	3,191,673	3,252,984	670,577	7,115,234
Depreciation				
At beginning of year	1,078,704	2,241,947	537,939	3,858,590
Exchange movements	984	(1,424)	901	461
Charge for year	93,764	269,675	51,638	415,077
Disposals	-	(111,969)	-	(111,969)
At end of year	1,173,452	2,398,229	590,478	4,162,159
Net book value				
At 31 December 2021	2,018,221	854,755	80,099	2,953,075
At 31 December 2020	2,109,705	819,682	118,552	3,047,939

Included in the total net book value of plant and machinery is £541,854 (2020: £417,839) in respect of assets held under finance leases. Depreciation for the year on these assets was £146,813 (2020: £132,327). The finance leases all relate to the Company.

Included within freehold property is land of £160,605 (2020: £159,162), which is not depreciated.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

Property, plant and equipment (*continued*)

Company	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At beginning of year	2,932,650	2,911,878	584,208	6,428,736
Additions	-	220,178	13,166	233,344
Disposals,	-	(45,390)	-	(45,390)
At end of year	2,932,650	3,086,666	597,374	6,166,690
Depreciation				
At beginning of year	1,001,755	2,137,539	469,121	3,608,415
Charge for year	93,764	240,551	50,590	384,905
Disposals	-	(45,390)	-	(45,390)
At end of year	1,095,519	2,332,700	519,711	3,947,930
Net book value				
At 31 December 2021	1,837,131	753,966	77,663	2,668,760
At 31 December 2020	1,930,895	774,339	115,087	2,820,321

Included in the total net book value of plant and machinery is £541,854 (2020: £417,839) in respect of assets held under finance leases. Depreciation for the year on these assets was £146,813 (2020: £132,327).

Included within freehold property is land of £46,102 (2020: £46,102), which is not depreciated.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

16. Investments

	Country of Incorporation	Principal Activity	Class and percentage of shares held
<i>Subsidiary undertaking</i>			
Accuracy International of North America	USA	Sale of weapons and related products	100% ordinary

Registered office: 1111 N Northshore Drive, Knoxville, Tennessee 37919

The carrying cost of this investment was £50,000 (2020:£50,000).

17. Inventories

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Work in progress	299,936	240,365	264,565	212,855
Finished goods and raw materials	2,696,286	2,877,914	1,955,566	2,265,600
	<u>2,996,222</u>	<u>3,118,279</u>	<u>2,220,131</u>	<u>2,478,455</u>

Stock recognised in cost of sales during the year as an expense was £6,261,212 (2020: £6,788,086)
An impairment loss of £570,175 (2020: £516,689) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock being provided for.

18. Receivables: amounts falling due within one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Trade debtors	1,802,665	3,216,503	1,216,367	2,827,695
Other debtors	343,437	410,736	267,545	374,896
Corporation tax	204,635	180,601	156,452	133,025
Prepayments and accrued income	297,497	299,567	213,189	219,594
Deferred Tax	66,037	-	66,037	-
	<u>2,714,271</u>	<u>4,107,407</u>	<u>1,919,590</u>	<u>3,555,210</u>

All the deferred tax relates to the difference between accumulated depreciation and amortisation and capital allowances. All deferred tax is held within Accuracy International Ltd.

**Receivables: amounts falling due after one
year**

Amounts due from group companies	<u>-</u>	<u>-</u>	<u>2,194,682</u>	<u>1,679,091</u>
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ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

19. Payables: amounts falling due within one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Obligations under finance leases and hire purchase contracts	198,079	165,613	198,079	165,613
Payments received on account	22,145	66,825	22,145	66,825
Trade payables	1,299,870	1,291,412	1,237,295	1,210,426
Taxation and social security	210,869	153,361	96,823	106,127
Other payables	65,307	57,691	65,307	57,691
Dividends proposed	-	30,000	-	30,000
Accruals and deferred income	473,258	1,028,899	443,851	981,551
	2,269,528	2,793,801	2,063,500	2,618,233

The bank holds a fixed and floating charge over the assets of the company

20. Payables: amounts falling due after more than one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Obligations under finance leases	166,889	156,588	166,889	156,588
	166,889	156,588	166,889	156,588

The maturity of obligations under finance leases contracts is as follows:

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Within one year	198,079	165,613	198,079	165,613
Between one and five years	166,889	156,588	166,889	156,588
	364,968	322,201	364,968	322,201

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

21. Provisions for liabilities

	Provision for reinstatement £	Deferred taxation £	Warranty Provision £	Total £
Group and Company				
At 1 January 2021	30,661	165,063	-	195,724
Adjustment in respect of prior periods	-	-	7,500	7,500
Credit to the profit and loss account	-	(165,063)	142,500	(22,563)
At 31 December 2021	30,661	-	150,000	180,661

The deferred tax balance is now in a positive position and is reported within note 18. The impact of the movements in deferred tax upon the profit and loss are shown within note 13.

The company has made a provision for expected dilapidations, being a time-based proportion of the best estimate of the expected cost of returning the buildings to their original condition at the end of the lease.

22. Called up share capital

Group and Company	2021 £	2020 £
Authorised		
Ordinary shares of £1 each	100,000	100,000
10 % cumulative redeemable preference shares of £1 each	750,000	750,000
	850,000	850,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	60,000	60,000

23. Reserves

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

Capital redemption reserve - represents the nominal value of preference shares and ordinary shares redeemed by the company and is a non-distributable reserve.

Foreign exchange translation reserve – comprises translation differences arising from the translation of financial statements of the Group's subsidiary undertaking into Sterling (£).

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

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

24. Net cash generated from operating activities - Group

	2021 £	2020 £
Loss for the year after tax	(1,448,680)	(428,464)
Tax charge	(386,452)	(96,477)
Interest paid	59,462	11,679
Interest and other income received	(94,413)	(140,505)
Amortisation of intangible assets	26,969	38,630
Depreciation of property, plant and equipment	415,539	438,036
(Profit)/Loss on disposal of property, plant and equipment	(22,441)	6,000
Decrease/(Increase) in inventories	122,057	(501,714)
(Loss)/Gain on foreign exchange	(2,636)	4,815
Decrease/(Increase) in trade and other receivables	1,646,563	910,056
(Decrease)/Increase in trade and other payables	(526,740)	(932)
(Decrease)/Increase in provisions	(15,063)	36,548
Cash (used in)/generated from continuing operations	(225,835)	277,672
Tax Repaid	133,025	105,240
	(92,810)	382,912

25. Analysis of changes in net funds – Group

	At 1 January 2021 £	Cashflows £	Other non- Cash changes £	At 31 December 2021 £
Cash	1,342,544	(356,417)		986,127
Finance lease due within one year	(165,613)	(27,927)	(4,539)	(198,079)
Finance lease due in more than one year	(156,588)		(10,301)	(166,889)
Net Funds	1,020,343	(384,344)	(14,840)	621,159

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

26. Leasing commitments

<i>The Group's future minimum operating lease payments are as follows:</i>	2021	2020
	£	£
Within one year	232,631	216,507
Between one and five years	930,526	866,030
Over five years	511,200	661,183
	1,674,357	1,743,720

At the period end the Group had lease agreements in place on properties and computer hardware with fixed rentals over the term of the lease.

The Group's future minimum finance lease payments are as follows:

Within one year	198,079	165,613
Between one and five years	166,889	156,588
	364,968	322,201

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

Within one year	198,079	165,613
Between one and five years	166,889	156,588
	364,968	322,201

Certain plant and machinery are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements include fixed lease payments and a purchase option at the end of the lease.

27. Controlling Party

The Company is privately owned and has no overall controlling shareholder.

ACCURACY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2021
(continued)

28. Related Party Transactions

The company has taken advantage of the exemptions contained in FRS 102 "Related Party Transactions" by not disclosing transactions with wholly owned members of the group.

	2021	2020
	£	£
Purchases from associates	1,330,314	1,512,225
Trade creditor amounts due to associates	321,479	461,129
Key management personnel compensation	1,104,918	1,098,299
Dividends proposed to directors	-	20,000

Amounts were billed under normal market rates and were due and payable under normal payment terms.