

Company Registration No. 05423342 (England and Wales)

ABCO SEALS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

ABCO SEALS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G M Haworth I D Cratchley
Secretary	A J Haworth
Company number	05423342
Registered office	Green Road Penistone Sheffield S36 6PH
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

ABCO SEALS HOLDINGS LIMITED

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ABCO SEALS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

The principal activity of the Group continued to be the manufacture and supply of gaskets and seals, rubber mouldings and industrial felts.

The group comprises two trading companies - Whitby & Chandler Ltd and Hardy & Hanson Ltd – and operates from a single site in Penistone, South Yorkshire.

Strategies for the business are aligned to see continued and future growth in both turnover and profitability and accordingly the group actively seeks to grow its sales via an assortment of recognised procedures:

- Acquisition of companies in common/known market places
- Product diversification
- New market opportunities
- New geographic opportunities

Turnover for the year increased by 14% to pre-Covid levels whilst Gross margin, a key performance indicator, remained constant to 2020 results at an adjusted 36% - which is slightly decreased on the 2019 level.

Operating Profit margins are regularly reviewed and full and flexible budgetary controls ensure that indirect costs are anticipated - any significant expenditure diversifications are reported and reviewed on a regular basis.

Principal risks and uncertainties

The Covid pandemic continues to cause worldwide uncertainty.

The final economic outcome of the UK's exit from the European Union may still have not fully impacted – however, the group has taken very significant measures in policy and procedural controls to mitigate against any further and future effects.

The group monitors other areas of risk which might impact on future business performance – such areas covered include:-

- Quality Standard - BS EN ISO9001:2015 registration.
- Environmental Standard – BS EN ISO14001: 2015 registration.
- Full and Comprehensive Insurance of fixed assets and stocks with an ongoing evaluation.
- Financial/Operational – review and analysis of monthly proven/accurate Management Accounts.

Development and performance

The group continues to benefit from a long-serving, knowledgeable and dedicated workforce.

The group has a very strong cash position, is debt free and fully owns all its assets – Land and Buildings, Plant and Machinery, Fixtures and Fittings.

ABCO SEALS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the board

G M Haworth

Director

20 January 2022

ABCO SEALS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the group continued to be that of the manufacture of rubber mouldings, sealing materials and components and technical felt.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

Directors

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

G M Haworth

P Thompson

I D Cratchley

(Resigned 21 July 2021)

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Statement of disclosure to auditor

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

ABCO SEALS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the board

G M Haworth
Director

20 January 2022

ABCO SEALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABCO SEALS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Abco Seals Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and 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 the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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's 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.

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 annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

ABCO SEALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABCO SEALS HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

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.

ABCO SEALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABCO SEALS HOLDINGS LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the rubber mouldings and seal and technical felts manufacturing sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

ABCO SEALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABCO SEALS HOLDINGS LIMITED

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.

Jane Marshall (Senior Statutory Auditor)
For and on behalf of BHP LLP

20 January 2022

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

ABCO SEALS HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	5,609,318	4,924,654
Cost of sales		(3,649,656)	(3,224,520)
Gross profit		1,959,662	1,700,134
Distribution costs		(66,931)	(78,221)
Administrative expenses		(1,475,042)	(1,425,528)
Other operating income		58,129	118,517
Operating profit	4	475,818	314,902
Interest receivable and similar income	8	1,917	10,851
Profit before taxation		477,735	325,753
Tax on profit	9	(96,267)	(74,386)
Profit for the financial year		381,468	251,367

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

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ABCO SEALS HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12		567,228		628,941
Investment properties	13		309,440		309,440
			<u>876,668</u>		<u>938,381</u>
Current assets					
Stocks	16	786,954		812,728	
Debtors	17	1,543,879		1,221,647	
Cash at bank and in hand		2,720,872		2,581,056	
		<u>5,051,705</u>		<u>4,615,431</u>	
Creditors: amounts falling due within one year	18	(1,115,903)		(924,949)	
Net current assets			<u>3,935,802</u>		<u>3,690,482</u>
Total assets less current liabilities			<u>4,812,470</u>		<u>4,628,863</u>
Provisions for liabilities					
Deferred tax liability	20	29,000	(29,000)	26,000	(26,000)
Government grants	21		(7,747)		(8,608)
Net assets			<u><u>4,775,723</u></u>		<u><u>4,594,255</u></u>
Capital and reserves					
Called up share capital	23		90,560		90,560
Share premium account			50,276		50,276
Capital redemption reserve			5,440		5,440
Profit and loss reserves			<u>4,629,447</u>		<u>4,447,979</u>
Total equity			<u><u>4,775,723</u></u>		<u><u>4,594,255</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 January 2022 and are signed on its behalf by:

G M Haworth
Director

ABCO SEALS HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	14	1,513,206		1,513,206	
Creditors: amounts falling due after more than one year	19	(995,465)		(995,465)	
Net assets		517,741		517,741	
Capital and reserves					
Called up share capital	23	90,560		90,560	
Share premium account		50,276		50,276	
Capital redemption reserve		5,440		5,440	
Profit and loss reserves		371,465		371,465	
Total equity		517,741		517,741	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £200,000 (2020 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 20 January 2022 and are signed on its behalf by:

G M Haworth

Director

Company Registration No. 05423342

ABCO SEALS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019		90,560	50,276	5,440	4,196,612	4,342,888
Year ended 30 June 2020:						
Profit and total comprehensive income for the year		-	-	-	251,367	251,367
Balance at 30 June 2020		90,560	50,276	5,440	4,447,979	4,594,255
Year ended 30 June 2021:						
Profit and total comprehensive income for the year		-	-	-	381,468	381,468
Dividends	10	-	-	-	(200,000)	(200,000)
Balance at 30 June 2021		90,560	50,276	5,440	4,629,447	4,775,723

ABCO SEALS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019		90,560	50,276	5,440	371,465	517,741
Year ended 30 June 2020:						
Profit and total comprehensive income for the year		-	-	-	-	-
Balance at 30 June 2020		90,560	50,276	5,440	371,465	517,741
Year ended 30 June 2021:						
Profit and total comprehensive income for the year		-	-	-	200,000	200,000
Dividends	10	-	-	-	(200,000)	(200,000)
Balance at 30 June 2021		90,560	50,276	5,440	371,465	517,741

ABCO SEALS HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	439,421		720,284	
Corporation taxes paid		(78,563)		(118,372)	
Net cash inflow from operating activities		<u>360,858</u>		<u>601,912</u>	
Investing activities					
Purchase of tangible fixed assets		(23,863)		(3,408)	
Proceeds on disposal of tangible fixed assets		904		-	
Interest received		<u>1,917</u>		<u>10,851</u>	
Net cash (used in)/generated from investing activities			(21,042)		7,443
Financing activities					
Dividends paid to equity shareholders		<u>(200,000)</u>		<u>-</u>	
Net cash used in financing activities			(200,000)		-
Net increase in cash and cash equivalents		<u>139,816</u>		<u>609,355</u>	
Cash and cash equivalents at beginning of year		<u>2,581,056</u>		<u>1,971,701</u>	
Cash and cash equivalents at end of year	28	<u><u>2,720,872</u></u>		<u><u>2,581,056</u></u>	

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Abco Seals Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Green Road, Penistone, Sheffield, S36 6PH.

The group consists of Abco Seals Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £200,000 (2020 - £0 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Abco Seals Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.3 Going concern

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

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents amounts derived from ordinary activities and is stated net of value added tax.

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

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. Negative goodwill on business combinations is recognised in the P&L in the year of acquisition.

1.6 Tangible fixed assets

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

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

Land and buildings - freehold	4% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	30% reducing balance

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

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

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

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.15 Retirement benefits

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

1.16 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Turnover	5,609,318	4,924,654
	<u>5,609,318</u>	<u>4,924,654</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	4,629,463	4,063,416
Rest of World	979,855	861,238
	<u>5,609,318</u>	<u>4,924,654</u>

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Turnover and other revenue		(Continued)	
	2021	2020	
	£	£	
Other significant revenue			
Interest income	1,917	10,851	
Grants received	48,191	105,301	
	<u>48,191</u>	<u>105,301</u>	
Included within grant income are amounts relating to the Coronavirus Job Retention Scheme of £47,330 (2020: £104,440).			
4 Operating profit		2021	2020
		£	£
Operating profit for the year is stated after charging/(crediting):			
Government grants	(48,191)	(105,301)	
Depreciation of owned tangible fixed assets	84,801	87,419	
Profit on disposal of tangible fixed assets	(129)	-	
	<u>36,481</u>	<u>(17,181)</u>	
5 Auditor's remuneration		2021	2020
		£	£
Fees payable to the company's auditor and associates:			
For audit services			
Audit of the financial statements of the group and company	-	-	
Audit of the financial statements of the company's subsidiaries	14,305	14,045	
	<u>14,305</u>	<u>14,045</u>	
For other services			
Taxation compliance services	2,395	2,335	
Other taxation services	1,950	-	
All other non-audit services	-	10,920	
	<u>4,345</u>	<u>13,255</u>	

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	31	33	-	-
Sales	4	4	-	-
Admin	16	18	-	-
Total	51	55	-	-

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,438,830	1,354,131	-	-
Social security costs	112,141	113,260	-	-
Pension costs	82,166	89,341	-	-
	1,633,137	1,556,732	-	-

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	432,901	331,150
Company pension contributions to defined contribution schemes	39,582	58,582
	472,483	389,732

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

	2021 £	2020 £
Remuneration for qualifying services	241,289	183,942
Company pension contributions to defined contribution schemes	13,023	21,023

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	1,840	10,851
Other interest income	77	-
Total income	1,917	10,851

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	105,186	78,486
Adjustments in respect of prior periods	(11,119)	-
Total current tax	94,067	78,486
Deferred tax		
Origination and reversal of timing differences	2,200	(4,100)
Total tax charge	96,267	74,386

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

	2021	2020
	£	£
Profit before taxation	477,735	325,753
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	90,770	61,893
Tax effect of expenses that are not deductible in determining taxable profit	2,881	2,805
Change in unrecognised deferred tax assets	123	354
Adjustments in respect of prior years	(11,119)	-
Effect of change in corporation tax rate	6,615	3,524
Permanent capital allowances in excess of depreciation	6,997	5,810
Taxation charge	96,267	74,386

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	200,000	-

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2020 and 30 June 2021	(201,766)
Amortisation and impairment	
At 1 July 2020 and 30 June 2021	(201,766)
Carrying amount	
At 30 June 2021	-
At 30 June 2020	-

The company had no intangible fixed assets at 30 June 2021 or 30 June 2020.

12 Tangible fixed assets

Group	Land and buildings - freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2020	1,102,127	1,316,740	369,400	90,656	2,878,923
Additions	-	11,327	2,413	10,123	23,863
Disposals	-	-	-	(16,765)	(16,765)
At 30 June 2021	1,102,127	1,328,067	371,813	84,014	2,886,021
Depreciation and impairment					
At 1 July 2020	609,030	1,209,688	361,792	69,472	2,249,982
Depreciation charged in the year	40,236	31,255	6,270	7,040	84,801
Eliminated in respect of disposals	-	-	-	(15,990)	(15,990)
At 30 June 2021	649,266	1,240,943	368,062	60,522	2,318,793
Carrying amount					
At 30 June 2021	452,861	87,124	3,751	23,492	567,228
At 30 June 2020	493,097	107,052	7,608	21,184	628,941

The company had no tangible fixed assets at 30 June 2021 or 30 June 2020.

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

12 Tangible fixed assets (Continued)

13 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 July 2020 and 30 June 2021	309,440	-

Investment property totalling £309,440 was purchased on 31 August 2016. The directors believe that this cost represents the current market value of the property at 30 June 2021.

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	1,513,206	1,513,206

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 July 2020 and 30 June 2021	1,513,206
Carrying amount	
At 30 June 2021	1,513,206
At 30 June 2020	1,513,206

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Abco Seals Limited	England & Wales	Ordinary	100.00
Hardy & Hanson Limited	England & Wales	Ordinary	100.00
Rubber Components (Stalybridge) Limited	England & Wales	Ordinary	100.00
Trent Technical & Engineering Services Limited	England & Wales	Ordinary	100.00
Whitby & Chandler Limited	England & Wales	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 Subsidiaries (Continued)

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Abco Seals Limited	413,620	200,000
Hardy & Hanson Limited	3,174,038	210,841
Rubber Components (Stalybridge) Limited	1	-
Trent Technical & Engineering Services Limited	100	-
Whitby & Chandler Limited	2,597,357	170,834

16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	786,954	812,728	-	-

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	1,182,638	860,169	-	-
Other debtors	353,658	352,628	-	-
Prepayments and accrued income	6,383	8,450	-	-
	1,542,679	1,221,247	-	-
Deferred tax asset (note 20)	1,200	400	-	-
	1,543,879	1,221,647	-	-

18 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	873,703	640,425	-	-
Corporation tax payable	93,990	78,486	-	-
Other taxation and social security	148,210	206,038	-	-
	1,115,903	924,949	-	-

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 Creditors: amounts falling due after more than one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts owed to group undertakings	-	-	995,465	995,465

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Accelerated capital allowances	29,000	26,000	1,200	400

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 July 2020	25,600	-
Charge to profit or loss	2,200	-
Liability at 30 June 2021	27,800	-

The deferred tax liability and asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Government grants

	Group 2021 £	2020 £	Company 2021 £	2020 £
Arising from government grants	7,747	8,608	-	-

Government grants brought forward at 1 July 2020 were £8,608. £861 was released to the profit and loss account in the year to leave a balance carried forward of £7,747.

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

22 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	82,166	89,341

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

23 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	90,560	90,560	90,560	90,560

24 Financial commitments, guarantees and contingent liabilities

As far as the directors are aware there are no contingent liabilities unprovided for in these accounts except as indicated below:-

There is an inter-company composite guarantee in place between the group companies Whitby & Chandler Limited and Hardy & Hanson Limited in respect of the group overdraft facility.

25 Operating lease commitments

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	7,296	18,940	-	-
Between two and five years	-	7,296	-	-
	7,296	26,236	-	-

26 Related party transactions

The company has taken advantage of the exemption in FRS 102 paragraph 33.11 from the requirement to disclose transactions with group companies on the grounds that significant influence is held by the ultimate parent company of the group companies.

ABCO SEALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	381,468	251,367
Adjustments for:		
Taxation charged	96,267	74,386
Investment income	(1,917)	(10,851)
Gain on disposal of tangible fixed assets	(129)	-
Depreciation and impairment of tangible fixed assets	84,801	87,419
Decrease in deferred income	(861)	(861)
Movements in working capital:		
Decrease in stocks	25,774	21,109
(Increase)/decrease in debtors	(321,432)	219,312
Increase in creditors	175,450	78,403
Cash generated from operations	439,421	720,284

28 Analysis of changes in net funds - group

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	2,581,056	139,816	2,720,872

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.