

Company Registration No. 07375515 (England and Wales)

STILTZ LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



STILTZ LIMITED

COMPANY INFORMATION

Directors	G A Farruggio M R Lord P A Geobey M J F Loftus M A Blomfield L A Faulkner
Company number	07375515
Registered office	Unit 5 First Avenue Pensnett Trading Estate Kingswinford DY6 7TE
Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF

STILTZ LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the Strategic Report for the year ended 31 December 2018.

Review of the business and key performance indicators

The directors were very pleased with the first full year of trading following the ownership change in June 2017. Turnover grew by 28.0% against prior year. Gross profit was 42.1%, almost 10 points up on 2017. Administrative expenses were up by 35% as the business continued to invest in headcount and systems to support the growth of activity. The business made an operating profit of £0.9M which was in line with expectations at the beginning of the period.

Stock days fell from 55 to 48 days due to strong Q4 invoiced sales. The company continues to invest in its manufacturing facility to maintain a build rate to support the order intake. Trade debtors rose from 18 to 27 days with an increased mix of trade account sales. Trade creditors have risen in line with growth.

The business has comfortably repaid all loan commitments in the year, reduced intercompany creditors and finished the period with over £0.5M of cash. We are encouraged to end the financial year with net current assets of £1.1M and a balance sheet value of £0.9M.

Future developments

The directors expect the rapid increase in sales to continue for 2019. Stiltz has a talented and experienced management team in place and are continuing to look ahead at systems and facilities required for the coming years.

The directors are excited by the future prospects for the business. We have ended the period with record order intake and a very strong order bank which will provide increased profitability in an ever growing market.

To align with future development plans in 2019 the company has secured future financing of £1 million and have entered into a future property lease (see note 28).

Principal risks and uncertainties

The principal risks and uncertainties surround economic and social trends that may effect sale, supply and installation of lifts.

Products are ultimately fitted into consumer homes and the company is aware of the need for quick lead times, competitive pricing, reliability and after sales response.

Supply is from a group company and open to exchange movements. Currently exchange rate exposure is mostly offset with export sales.

STILTZ LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company manages these risks by financing its operating through retained profits.

Credit risk

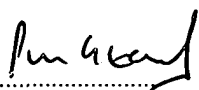
The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

On behalf of the board



P A Geobey
Director

Date: 24/9/19

STILTZ LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company continued to be that of manufacturer, supplier and installer of home lifts.

Directors

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

G A Farruggio
M R Lord
P A Geobey
M J F Loftus
M A Blomfield
L A Faulkner

Results and dividends

The results for the year are set out on page 7.

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The company has a continuing commitment to a high level of research and development. During the period expenditure on research and development was £203,910 (2017: £426,442).

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

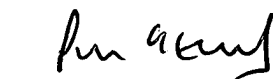
Statement of disclosure to auditor

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

Information on future developments, principal risk and uncertainties and financial risk management objectives and policies as required by schedule 7 of the Large and Medium-sized Companies and Groups (accounts and Reports) Regulations 2008 has been included in the Strategic Report.

On behalf of the board



P A Geobey
Director

Date: 24/9/19

STILTZ LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STILTZ LIMITED

Opinion

We have audited the financial statements of Stiltz Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STILTZ LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Vivian Shadbolt FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
West Midlands, B2 5AF
26/9/19

STILTZ LIMITED

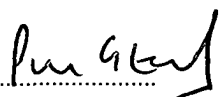
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	14,622,304	11,426,550
Cost of sales		(8,460,320)	(7,679,322)
Gross profit		6,161,984	3,747,228
Administrative expenses		(5,259,245)	(3,890,896)
Operating profit/(loss)	6	902,739	(143,668)
Interest payable and similar expenses	7	(33,465)	(32,878)
Profit/(loss) before taxation		869,274	(176,546)
Tax on profit/(loss)	8	(18,473)	167,869
Profit/(loss) for the financial year		850,801	(8,677)

STILTZ LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	239,837		233,792	
Investments	11	360,726		360,726	
		<u>600,563</u>		<u>594,518</u>	
Current assets					
Stocks	13	1,110,469		1,150,074	
Debtors	14	3,293,874		2,316,412	
Cash at bank and in hand		509,016		223,665	
		<u>4,913,359</u>		<u>3,690,151</u>	
Creditors: amounts falling due within one year	15	<u>(3,776,744)</u>		<u>(3,263,653)</u>	
Net current assets		<u>1,136,615</u>		<u>426,498</u>	
Total assets less current liabilities		<u>1,737,178</u>		<u>1,021,016</u>	
Creditors: amounts falling due after more than one year	16	(721,584)		(928,873)	
Provisions for liabilities	19	(94,502)		(21,852)	
Net assets		<u>921,092</u>		<u>70,291</u>	
Capital and reserves					
Called up share capital	22	300		300	
Share premium account	23	179,920		179,920	
Profit and loss reserves	23	740,872		(109,929)	
Total equity		<u>921,092</u>		<u>70,291</u>	

The financial statements were approved by the board of directors and authorised for issue on 24/9/19 and are signed on its behalf by:



 P A Geobey
 Director

STILTZ LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017	300	179,920	(101,252)	78,968
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(8,677)	(8,677)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	300	179,920	(109,929)	70,291
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	850,801	850,801
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	<u>300</u>	<u>179,920</u>	<u>740,872</u>	<u>921,092</u>

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Stiltz Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 5, First Avenue, Pensnett Trading Estate, Kingswinford, DY6 7TE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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. The principal accounting policies adopted are set out below.

Reduced disclosure exemption

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Stiltz Group Holdings Limited. These consolidated financial statements are available from its registered office, Unit 5, First Avenue, Pensnett Estate, Kingswinford, DY6 7TE.

Going concern

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

Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on despatch 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.

Revenue in respect of extended warranties is recognised on a time apportioned basis over the period of the warranty term.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

Tangible fixed assets

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

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

Leasehold improvements	4% straight line
Plant and machinery	25% straight line
Office equipment	33% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line
Demo lifts	33% straight line

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 credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiary entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Impairment of fixed assets

At each reporting period end date, the company 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.

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.

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.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other 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.

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

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Provisions - Warranties

Provision is made for warranty costs, which requires management's best estimate of the costs expected to be incurred in relation to the products sold during the applicable warranty period.

Stock

Stock is valued at the lower of cost and net realisable value. A stock provision is estimated based on ageing of stock and any known obsolescence.

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Sale of goods	14,245,421	11,344,818
Sale of services	376,883	81,732
	<u>14,622,304</u>	<u>11,426,550</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	8,119,964	6,161,609
Rest of Europe	2,679,502	1,831,416
USA	2,084,560	2,446,122
Rest of World	1,738,278	987,403
	<u>14,622,304</u>	<u>11,426,550</u>

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Employees

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

	2018 Number	2017 Number
Production	37	18
Administration	34	33
	<u>71</u>	<u>51</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,721,240	1,799,210
Social security costs	284,276	176,586
Pension costs	66,166	22,778
	<u>3,071,682</u>	<u>1,998,574</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	558,468	322,991
Company pension contributions to defined contribution schemes	13,392	9,500
	<u>571,860</u>	<u>332,491</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

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

	2018 £	2017 £
Remuneration for qualifying services	124,118	81,526
Company pension contributions to defined contribution schemes	600	3,438
	<u>124,718</u>	<u>84,964</u>

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Operating profit/(loss)

	2018	2017
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(32,315)	156,449
Research and development costs	203,910	426,442
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	9,500
Depreciation of owned tangible fixed assets	67,164	39,983
Depreciation of tangible fixed assets held under finance leases	28,716	19,847
Profit on disposal of tangible fixed assets	-	(32)
Amortisation of intangible assets	-	4,220
Cost of stocks recognised as an expense	5,000,046	5,606,866
Operating lease charges	153,063	107,345

7 Interest payable and similar expenses

	2018	2017
	£	£
Other interest on financial liabilities	24,750	24,749
Interest on finance leases and hire purchase contracts	8,715	8,129
	33,465	32,878

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	5,407	(131,958)
Adjustments in respect of prior periods	-	(46,763)
Total current tax	5,407	(178,721)
Deferred tax		
Origination and reversal of timing differences	13,066	9,391
Adjustment in respect of prior periods	-	1,461
Total deferred tax	13,066	10,852
Total tax charge/(credit)	18,473	(167,869)

The total tax credit for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	869,274	(176,546)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	165,162	(33,985)
Tax effect of expenses that are not deductible in determining taxable profit	7,600	3,105
Adjustments in respect of prior years	-	(46,763)
Research and development tax credit	-	43,196
Additional deduction for R&D expenditure	(156,009)	(133,422)
Other timing differences	1,720	-
Taxation charge/(credit) for the year	18,473	(167,869)

The main rate of corporation tax reduced from 20% to 19% with effect from 1 April 2017. A further reduction from 19% to 17%, with effect from 1 April 2020, was substantively enacted on 15 September 2017. The Company has therefore measured its UK deferred tax assets and liabilities at the end of the reporting period at 17%.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9 Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2018 and 31 December 2018	4,220
	<hr/>
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	4,220
	<hr/>
Carrying amount	
At 31 December 2018	-
	<hr/>
At 31 December 2017	-
	<hr/>

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Office equipment £	Computer equipment £	Motor vehicles £	Demo lifts £	Total £
Cost							
At 1 January 2018	77,194	60,780	17,002	95,446	111,254	24,928	386,604
Additions	22,765	3,206	11,978	63,976	-	-	101,925
At 31 December 2018	99,959	63,986	28,980	159,422	111,254	24,928	488,529
Depreciation and impairment							
At 1 January 2018	31,476	33,408	8,664	20,826	56,361	2,077	152,812
Depreciation charged in the year	18,045	10,167	4,797	28,156	22,251	12,464	95,880
At 31 December 2018	49,521	43,575	13,461	48,982	78,612	14,541	248,692
Carrying amount							
At 31 December 2018	50,438	20,411	15,519	110,440	32,642	10,387	239,837
At 31 December 2017	45,718	27,372	8,338	74,620	54,893	22,851	233,792

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018 £	2017 £
Motor vehicles	21,195	43,993
Computer equipment	44,569	57,007
	<u>65,764</u>	<u>101,000</u>

11 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	12	<u>360,726</u>	<u>360,726</u>

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 & 31 December 2018	<u>360,726</u>
Carrying amount	
At 31 December 2018	<u>360,726</u>
At 31 December 2017	<u>360,726</u>

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Stiltz Inc.	1	Sale of home lifts	Ordinary	100.00
Stiltz (Kushan) Co Limited	2	Lift manufacturer	Ordinary	100.00

1. 57 S Commerce Way, STE 300, Bethlehem, PA 18017-8964, USA

2. No. 299 Hanpu Road, Chengbei, Yushan Town, Kunshan, 215300 Suzhou, China

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13 Stocks

	2018 £	2017 £
Raw materials and consumables	1,110,469	1,150,074

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,079,877	557,277
Corporation tax recoverable	126,533	178,721
Amounts owed by group undertakings	1,052,381	954,008
Other debtors	110,801	104,518
Prepayments and accrued income	924,282	521,888
	3,293,874	2,316,412

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	31,205	35,489
Other borrowings	17	150,500	150,504
Trade creditors		774,665	487,178
Amounts owed to group undertakings		888,130	1,466,189
Taxation and social security		130,485	60,179
Other creditors		15,057	7,421
Accruals and deferred income		1,786,702	1,056,693
		3,776,744	3,263,653

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	54,408	92,453
Other borrowings	17	667,176	836,420
		721,584	928,873

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

17 Borrowings

	2018 £	2017 £
Loans from related parties	817,676	986,924
Payable within one year	150,500	150,504
Payable after one year	667,176	836,420

Loans from related parties

Loans totalling £301,000 (2017: £463,728) bear a fixed rate of interest of 5% per annum. Interest of £19,115 (2017: £20,994) has been recognised in the year. The loan is repayable in 36 monthly instalments of £12,542.

Loans totalling £233,734 (2017: £240,254) bear interest at 2% over the Bank of England base rate per annum. Interest of £2,549 (2017: £1,834) has been recognised in the year, and the loans are fully repayable in June 2022. The loan agreement includes a covenant that life insurance will be provided to the director.

Loans from directors

Loans totalling £282,942 (2017: £282,942) bear interest at 2% over the Bank of England base rate per annum. Interest of £3,086 (2017: £1,921) has been recognised in the year, and the loan is fully repayable in June 2022.

18 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	31,205	35,489
Between one and five years	54,408	92,453
	85,613	127,942

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and computer equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 10.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Provisions for liabilities

	Notes	2018 £	2017 £
Warranty claims		70,584	11,000
Deferred tax liabilities	20	23,918	10,852
		<u>94,502</u>	<u>21,852</u>

Movements on provisions apart from deferred tax liabilities:

	Warranty claims £
At 1 January 2018	11,000
Additional provisions in the year	59,584
At 31 December 2018	<u>70,584</u>

Warranty claims

The warranty provision represents the company's liability in respect of warranties granted on products sold. The amount provided represents management's best estimate of the future cash outflows in respect of those products still within their warranty period at the year end, based on past experience of costs incurred. It is expected that all of this cost will have been incurred in the short to medium term in line with the agreement terms.

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	30,279	27,439
Tax losses	-	(15,315)
Short term timing differences	(6,361)	(1,272)
	<u>23,918</u>	<u>10,852</u>
		2018 £
Movements in the year:		
Liability at 1 January 2018		10,852
Charge to profit or loss		13,066
Liability at 31 December 2018		<u>23,918</u>

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20 Deferred taxation (Continued)

The deferred tax liability set out above is expected to reverse within 4 years and relates to accelerated capital allowances that are expected to mature within the same period. The deferred tax asset set out above is expected to reverse within 12 months and relates to short term timing differences.

21 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	66,166	22,778

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £15,057 (2017: £7,482) were payable to the scheme at the year end and are included in other creditors.

22 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
2,700,000 A Ordinary shares of 0.01p each	270	270
300,000 B Ordinary shares of 0.01p each	30	30
	<u>300</u>	<u>300</u>

The A and B Ordinary shares rank pari passu in all respects, carry voting rights and the right to participate in profits and a return in capital.

23 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

The profit and loss reserve represents cumulative profit and losses for the company net of distributions to owners.

24 Financial commitments, guarantees and contingent liabilities

A fixed and floating charge over the assets of the company has been given in favour of Stiltz HK Limited.

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

25 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	239,583	195,447
Between one and five years	584,001	404,375
In over five years	162,210	291,978
	<u>985,794</u>	<u>891,800</u>

26 Related party transactions

Transactions between the company and its related parties are disclosed below:

2018

	Ultimate parent £	Other related parties £	Total £
Sales	-	1,475,529	1,475,529
Interest payable	-	22,099	22,099
Loan repaid	-	150,000	150,000
Year end balances:			
Amounts due to related party	-	(534,734)	(534,734)
Amounts due from related party	336,717	231,928	568,645

2017

	Ultimate parent £	Other related parties £	Total £
Sales	-	840,638	840,638
Interest payable	-	24,749	24,749
Loan drawdowns	-	240,254	240,254
Year end balances:			
Amounts due to related party	-	(703,982)	(703,982)
Amounts due from related party	328,709	80,302	409,011

STILTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26 Related party transactions (Continued)

Other related parties are companies in which directors hold a controlling interest.

During the year recharges totalling £99,456 (2017: £67,151), were made to a company in which the director holds a controlling interest.

27 Directors' transactions

During the year the company had the following transactions with directors;

Description	% Rate	Opening balance £	Closing balance £
Loan from director	2.50	282,942	282,942
		<u>282,942</u>	<u>282,942</u>

Of the total loan balance £146,037 bears no interest and the remaining £136,905 bears interest at 2% above the Bank of England base rate.

Interest accrued on directors loans in the year totals £3,086 (2017: £1,921).

28 Events after the reporting date

On 23 May 2019 Stiltz Limited entered into a loan agreement with MEIF WM Debt LP for a total available facility of £1,000,000. The loan is secured by way of a fixed charge over certain tangible assets and a floating charge over all other assets.

On 7 August 2019 Stiltz Limited entered into an operating lease agreement for property rental. The lease term is 20 years from the date of expected completion which is expected to be May 2020. Annual rental will be finalised on completion of the property.

29 Ultimate controlling party

Stiltz Holdings Limited is the immediate parent, a company registered in England and Wales.

The company's ultimate parent which heads the smallest and largest group in which the results of the group are consolidated is Stiltz Group Holdings Limited, a company registered in England and Wales. The consolidated financial statements of Stiltz Group Holdings Limited are available from Unit 5, First Avenue, Pensnett Trading Estate, Kingswinford, DY6 7TE.