

Company Registration No. 08462474 (England and Wales)

**HI-REL LIDS AC LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# HI-REL LIDS AC LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	K Barclay D Havekost S Norris
<b>Company number</b>	08462474
<b>Registered office</b>	Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB

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# HI-REL LIDS AC LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Fair review of the business

The group provided a range of metal components for the Hermetic micro-electronic markets.

Hi-Rel Lids AC Limited (thereafter referred to as HRL) is a wholly owned subsidiary of Hemetics Solutions Group (thereafter known as HSG).

Covid had an effect on both sales and bookings during 2020, being down on 2019 as shown in the figures below. However, because of good control over operational costs, HRL's performance remained strong. HRL showed continued good performance in its defence, optical networking and the industrial markets.

The group had closing bank balances of £572k which is a slight decrease on the prior year (2019: £583k). However, debtor collection processes and procedures have improved to ensure that collections are in a timely manner. Debtors balances at the year end were £1,730k (2019: £4,150k).

The group paid a dividend of £4,147,982 (2019: £Nil) to its parent entity.

#### Key performance indicators

The group's key performance indicators are set out below:

£000	2020	2019	Variance	% Variance
Bookings	8,100	8,355	(255)	(3.05)%
Turnover	7,829	8,497	(668)	(7.86)%
Profit before Tax	1,705	1,764	(59)	(3.34)%
Net Assets	3,202	5,690	(2,488)	(43.73)%

The directors are satisfied with the performance of the group during the year.

#### Principal risks and uncertainties

The group addresses price, credit and liquidity/cashflow as follows:

- Prices are agreed between Hi-Rel Lids and the customer such that transactions are commercially viable.
- Liquidity/Cashflow risks are dealt with by managing cash balances to ensure optimised returns. Cash collection is structured and monitored via the credit control process, this includes monthly review meetings & defining specific "action plans" to recover over-due debts.

#### Going concern

The directors have prepared detailed profit and cashflow forecasts which have been revised quarterly during 2020 to include the impact of Covid and all other known factors. These, together with the results achieved since the balance sheet date, have led the directors to conclude that the group remains a going concern and will be able to meet its liabilities that fall due for a period of at least 12 months from date of approval of the financial statements.

# HI-REL LIDS AC LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

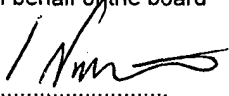
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### Future developments

Continued investment in Capital Equipment from HSG next year.

*Working together with our leading customers on business initiative and continuity plans which will enable us to work more closely together to benefit all parties in achieving our goal of maintaining revenue growth in Optical Networking, Defence and Medical markets.*

On behalf of the board



S Norris  
Director

Date: 16/8/2021

# HI-REL LIDS AC LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Principal activities

The principal activity of the company is that of a holding and investment company. The activities of the trading subsidiary, Hi-Rel Lids Limited, continued to be that of production of lids for use in the electronic and electrical goods industry.

#### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £4,147,982. 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:

K Barclay	(Appointed 6 January 2020)
D Havekost	(Appointed 6 January 2020)
S Norris	
W Sommers	(Resigned 2 January 2020)

#### 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.

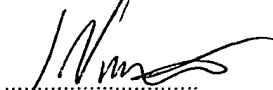
#### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the disclosures on future developments and post balance sheet events.

#### 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.

On behalf of the board



S Norris  
Director

Date: 16/8/2021

# HI-REL LIDS AC LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED

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### Opinion

We have audited the financial statements of Hi-Rel Lids AC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 or the 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.

### 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED (CONTINUED)**

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### **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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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*

Laragh Jeanroy (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Blenheim House  
Newmarket Road  
Bury St Edmunds  
Suffolk, IP33 3SB  
17/08/2021

## HI-REL LIDS AC LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	7,828,746	8,496,895
Cost of sales		(4,887,962)	(5,324,585)
<b>Gross profit</b>		<b>2,940,784</b>	<b>3,172,310</b>
Administrative expenses		(1,894,375)	(2,046,694)
Other operating income		397,013	421,188
<b>Operating profit</b>	6	<b>1,443,422</b>	<b>1,546,804</b>
Interest receivable and similar income	8	261,658	216,957
<b>Profit before taxation</b>		<b>1,705,080</b>	<b>1,763,761</b>
Tax on profit	9	(340,540)	(338,944)
<b>Profit for the financial year</b>		<b>1,364,540</b>	<b>1,424,817</b>

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.

**HI-REL LIDS AC LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,080,168		787,363
<b>Current assets</b>					
Stocks	13	828,761		1,027,327	
Debtors	14	1,363,056		4,150,151	
Cash at bank and in hand		572,104		583,024	
		2,763,921		5,760,502	
<b>Creditors: amounts falling due within one year</b>	15	(782,502)		(764,251)	
<b>Net current assets</b>			1,981,419		4,996,251
<b>Total assets less current liabilities</b>			3,061,587		5,783,614
<b>Provisions for liabilities</b>	17		(155,315)		(93,900)
<b>Net assets</b>			2,906,272		5,689,714
<b>Capital and reserves</b>					
Called up share capital	19		1		1
Profit and loss reserves			2,906,271		5,689,713
<b>Total equity</b>			2,906,272		5,689,714

The financial statements were approved by the board of directors and authorised for issue on 16/8/2021  
and are signed on its behalf by:

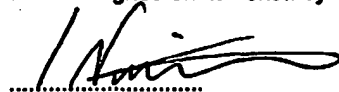
  
S Norris  
Director

**HI-REL LIDS AC LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Current assets</b>					
Cash at bank and in hand		1		1	
<b>Net current assets</b>			<b>1</b>		<b>1</b>
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	19		<b>1</b>		<b>1</b>
			<u>          </u>		<u>          </u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £4,147,982 (2019 - £Nil profit).

The financial statements were approved by the board of directors and authorised for issue on 16/8/2021 and are signed on its behalf by:



S Norris  
Director

# HI-REL LIDS AC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		1	4,264,896	4,264,897
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	1,424,817	1,424,817
<b>Balance at 31 December 2019</b>		1	5,689,713	5,689,714
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year		-	1,364,540	1,364,540
Dividends	10	-	(4,147,982)	(4,147,982)
<b>Balance at 31 December 2020</b>		1	2,906,271	2,906,272

# HI-REL LIDS AC LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		1	-	1
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	-	-
<b>Balance at 31 December 2019</b>		1	-	1
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year		-	4,147,982	4,147,982
Dividends	10	-	(4,147,982)	(4,147,982)
<b>Balance at 31 December 2020</b>		1	-	1

# HI-REL LIDS AC LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20	543,160		662,150	
Income taxes paid		(305,119)		(394,998)	
<b>Net cash inflow from operating activities</b>		<u>238,041</u>		<u>267,152</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(519,776)		(420,826)	
Proceeds on disposal of tangible fixed assets		2,500		-	
Interest received		<u>261,658</u>		<u>216,957</u>	
<b>Net cash used in investing activities</b>		(255,618)		(203,869)	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(17,577)</u>		<u>63,283</u>	
Cash and cash equivalents at beginning of year		583,024		519,741	
Effect of foreign exchange rates		6,657		-	
<b>Cash and cash equivalents at end of year</b>		<u><u>572,104</u></u>		<u><u>583,024</u></u>	

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Hi-Rel Lids AC Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Blenheim House, Newmarket Road, Bury St Edmunds, Suffolk, IP33 3SB.

The group consists of Hi-Rel Lids AC Limited and its wholly-owned subsidiary Hi-Rel Lids Limited.

The company's and the group'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.

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are included in these consolidated financial statements.



# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### Basis of consolidation

The consolidated financial statements incorporate those of Hi-Rel Lids AC Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

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

The merger method of accounting has been applied to Group reconstructions as if the entities had always been combined. The carrying values of the entities' assets and liabilities are not adjusted to fair value. Any difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received is taken to other reserves in equity.

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

#### Going concern

The directors have prepared detailed profit and cashflow forecasts which have been revised quarterly during 2020 to include the impact of Covid and all other known factors. These, together with the results achieved since the balance sheet date, have led the directors to conclude that the group remains a going concern and will be able to meet its liabilities that fall due for a period of at least 12 months from date of approval of the financial statements. 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.

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.

#### 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	over the term of the lease
Plant and equipment	10%, 20% and 25% straight line
Office equipment	20% 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.

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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.

##### **Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible 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).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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 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 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 trade and ~~#t~~Erm20, amounts owed by group undertakings 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.

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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.

#### ***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***

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction and are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Equity instruments***

Equity instruments issued by the group 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 group.

#### ***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.

#### ***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.

#### ***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.

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### **Leases**

Rentals payable under operating leases 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 leased asset are consumed.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **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, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

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.

### 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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Tangible fixed assets***

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Production of lids for use in the electronic and electrical goods industry	7,828,746	8,496,895
	<u>7,828,746</u>	<u>8,496,895</u>
	2020 £	2019 £
<b>Other revenue</b>		
Interest income	261,658	216,957
Grants received	13,865	-
	<u>275,523</u>	<u>216,957</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	847,719	1,362,751
Rest of Europe	590,014	531,952
North America	1,507,402	2,325,894
South America	6,637	2,206
Asia	4,876,974	4,274,092
	<u>7,828,746</u>	<u>8,496,895</u>

### 4 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Production	49	51	-	-
Administration	14	15	-	-
Management	1	1	-	-
	<u>64</u>	<u>67</u>	<u>-</u>	<u>-</u>
Total	64	67	-	-

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,462,270	1,708,811	-	-
Social security costs	145,582	136,631	-	-
Pension costs	42,151	42,195	-	-
	<u>1,650,003</u>	<u>1,887,637</u>	<u>-</u>	<u>-</u>

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	155,023	116,656
Company pension contributions to defined contribution schemes	10,742	6,999
	<u>165,765</u>	<u>123,655</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

### 6 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	298,264	178,714
Government grants	(13,865)	-
Depreciation of owned tangible fixed assets	226,971	240,743
(Profit)/loss on disposal of tangible fixed assets	(2,500)	300
Operating lease charges	57,720	57,720
	<u>298,264</u>	<u>178,714</u>

### 7 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>22,600</u>	<u>16,000</u>

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	1,638	3,332
Interest receivable from group companies	259,901	213,625
Other interest income	119	-
<b>Total income</b>	<b>261,658</b>	<b>216,957</b>

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	281,720	313,891
Adjustments in respect of prior periods	(2,595)	(604)
<b>Total current tax</b>	<b>279,125</b>	<b>313,287</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	47,297	25,339
Changes in tax rates	11,370	-
Adjustment in respect of prior periods	2,748	318
<b>Total deferred tax</b>	<b>61,415</b>	<b>25,657</b>
<b>Total tax charge</b>	<b>340,540</b>	<b>338,944</b>

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

	2020 £	2019 £
<b>Profit before taxation</b>	<b>1,705,080</b>	<b>1,763,761</b>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	323,965	335,115
Tax effect of expenses that are not deductible in determining taxable profit	80	2,047
Adjustments in respect of prior years	(2,595)	(604)
Deferred tax adjustments in respect of prior years	2,748	318
Adjust deferred tax to average rate	-	(2,982)
Fixed asset difference	4,972	5,050
Remeasurement of deferred tax for changes in tax rates	11,370	-
<b>Taxation charge</b>	<b>340,540</b>	<b>338,944</b>

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Final paid	4,147,982	-

### 11 Tangible fixed assets

Group	Leasehold improvements £	Assets under construction £	Plant and equipment £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2020	463,236	308,303	1,887,142	134,490	2,793,171
Additions	21,041	382,058	105,041	11,636	519,776
Disposals	(31,914)	-	(33,468)	(3,086)	(68,468)
Transfers	127,327	(288,553)	161,226	-	-
At 31 December 2020	579,690	401,808	2,119,941	143,040	3,244,479
<b>Depreciation and impairment</b>					
At 1 January 2020	419,940	-	1,472,618	113,250	2,005,808
Depreciation charged in the year	43,360	-	166,980	16,631	226,971
Eliminated in respect of disposals	(31,914)	-	(33,468)	(3,086)	(68,468)
At 31 December 2020	431,386	-	1,606,130	126,795	2,164,311
<b>Carrying amount</b>					
At 31 December 2020	148,304	401,808	513,811	16,245	1,080,168
At 31 December 2019	43,296	308,303	414,524	21,240	787,363

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

### 12 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Hi-Rel Lids Limited	Same as parent	Production of lids	Ordinary	100.00



# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	499,988	359,515	-	-
Work in progress	179,053	469,444	-	-
Finished goods and goods for resale	149,720	198,368	-	-
	<u>828,761</u>	<u>1,027,327</u>	<u>-</u>	<u>-</u>

### 14 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	707,430	826,254	-	-
Amounts owed by group undertakings	370,991	2,975,574	-	-
Other debtors	204,250	270,689	-	-
Prepayments and accrued income	80,385	77,634	-	-
	<u>1,363,056</u>	<u>4,150,151</u>	<u>-</u>	<u>-</u>

### 15 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	417,445	429,244	-	-
Corporation tax payable	73,635	99,629	-	-
Other taxation and social security	40,763	33,413	-	-
Other creditors	71,835	8,930	-	-
Accruals and deferred income	178,824	193,035	-	-
	<u>782,502</u>	<u>764,251</u>	<u>-</u>	<u>-</u>

### 16 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Deferred tax liabilities	17	<u>155,315</u>	<u>93,900</u>	<u>-</u>	<u>-</u>

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
<b>Group</b>		
Accelerated capital allowances	155,834	94,403
Short term timing differences	(519)	(503)
	<u>155,315</u>	<u>93,900</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 January 2020	93,900	-
Charge to profit or loss	61,415	-
Liability at 31 December 2020	<u>155,315</u>	<u>-</u>

### 18 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>42,151</u>	<u>42,195</u>

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

### 19 Share capital

	Group and Company			
	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
Issued and fully paid				
Ordinary of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

# HI-REL LIDS AC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 20 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	1,364,540	1,424,817
<b>Adjustments for:</b>		
Taxation charged	340,540	338,944
Investment income	(261,658)	(216,957)
(Gain)/loss on disposal of tangible fixed assets	(2,500)	300
Depreciation and impairment of tangible fixed assets	226,971	240,743
Foreign exchange gains on cash equivalents	(6,657)	-
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	198,566	(101,897)
Increase in debtors	(1,360,887)	(926,304)
Increase/(decrease) in creditors	44,245	(97,496)
<b>Cash generated from operations</b>	<b>543,160</b>	<b>662,150</b>

### 21 Analysis of changes in net funds - group

	1 January 2020 £	Cash flows £	Exchange rate movements £	31 December 2020 £
Cash at bank and in hand	583,024	(17,577)	6,657	572,104

### 22 Operating lease commitments

#### Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	55,315	57,720	-	-
Between one and five years	-	55,315	-	-
	<b>55,315</b>	<b>113,035</b>	<b>-</b>	<b>-</b>

### 23 Controlling party

The ultimate controlling party of the group is WCI-HSG HoldCo LLC, a company which is based in the US.