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Company Registration Number 00153351

THOMAS FATTORINI LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2020
ACCOUNTS FOR A SMALL/MEDIUM ENTERPRISE



ArmstrongWatson®
Accountants, Business & Financial Advisers

THOMAS FATTORINI LIMITED

COMPANY INFORMATION

Directors	G T B Fattorini T R B Fattorini T H T Fattorini S T B Fattorini G Speakman
Registered number	00153351
Registered office	Skipton Castle The Bailey Skipton North Yorkshire BD23 1AW
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Number 3 Acorn Business Park Airedale Business Centre Skipton North Yorkshire BD23 2UE
Bankers	Barclays Bank PLC 49 High Street Skipton North Yorkshire BD23 1DT

THOMAS FATTORINI LIMITED

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THOMAS FATTORINI LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2020.

Thomas Fattorini Limited is a Small to Medium Enterprise (SME).

Business review

The principal activity of the company for the year under review was that of a manufacturer of badges and insignia from its principal business address of Regent Street Works, Birmingham, B1 3HQ.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and the company's position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties faced.

Principal risks and uncertainties

As for many businesses of this size, the business environment within which it operates continues to be challenging. With these risks and uncertainties in mind, the directors are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Financial risk

The company has no bank borrowings or hire purchase agreements and therefore has very limited exposure to financial risks that include the effect of changes in credit, liquidity and interest rate risk.

Foreign Exchange Risk

The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company with regard to foreign currency exchange rate variance.

Credit risk

The company has implemented policies that require appropriate credit checks on customers before sales are made. The majority of sales are managed through upfront payment policies.

Liquidity risk

The directors believe that the company has sufficient funds available to support its activities in the future.

Brexit Risk

The directors are aware of the risks and uncertainties surrounding the UK's withdrawal from the European Union. Whilst the company has limited exposure to the direct uncertainty created in respect of the various risks mentioned, the directors are aware that any future plans may be subject to unforeseen circumstances outside of the directors' control. The company has therefore implemented policies that maintain a strong balance sheet to minimise these risks and allow the continuing operational capabilities of the business.

COVID-19

The directors are aware of the risks and uncertainties surrounding the global pandemic COVID-19 outbreak during March 2020 and onwards. Any future plans may be subject to unforeseen circumstances outside of the directors control. Further details of how the company has managed these risks can be seen in the notes to the financial statements.

THOMAS FATTORINI LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

The directors consider the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, being maintaining turnover and overall profitability.

As can be seen in the financial statements, turnover has decreased but the directors are satisfied with the result for the year and the company's ability to maintain a strong sales portfolio under difficult economic trading conditions. As a result of the COVID-19 pandemic, some of our traditional markets were seriously affected during 2020 - notably hospitality and retail. There are positive signs of regrowth post year end in 2021.

Overall, loss before taxation has increased from a a loss of £69,269 in 2019 to a loss of £862,580 in 2020.

After taxation and dividends, shareholders funds have decreased from £4,840,806 in 2019 to £3,704,126 in 2020.

This report was approved by the board and signed on its behalf.



G T B Fattorini

Director

Date: 30/6/21

THOMAS FATTORINI LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £874,580 (2019 - loss £69,269).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

G T B Fattorini
T R B Fattorini
T H T Fattorini
S T B Fattorini
G Speakman

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Engagement with employees

It is company policy that employees should be kept as fully informed as practical concerning the activities of the company. The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the object of ensuring that these standards are achieved.

THOMAS FATTORINI LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



G T B Fattorini

Director

Date: 30/6/21

THOMAS FATTORINI LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS FATTORINI LIMITED

Opinion

We have audited the financial statements of Thomas Fattorini Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

THOMAS FATTORINI LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS FATTORINI LIMITED (CONTINUED)

Opinion 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.

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 or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

THOMAS FATTORINI LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS FATTORINI LIMITED (CONTINUED)

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including

fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and review of appropriate industry knowledge;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and tested the operating effectiveness of key controls over purchase cycles on a sample basis.
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty. In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of nondetection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations,

THOMAS FATTORINI LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS FATTORINI LIMITED
(CONTINUED)**

or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Armstrong Watson Audit Limited.

Rohan Day (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Skipton
Date: 30/6/21

THOMAS FATTORINI LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	2,856,574	5,178,110
Cost of sales		(2,093,047)	(2,822,672)
Gross profit		763,527	2,355,438
Distribution costs		(94,795)	(180,265)
Administrative expenses		(2,017,743)	(2,284,078)
Other operating income	5	462,016	7,399
Operating loss	6	(886,995)	(101,506)
Interest receivable and similar income	10	4,415	10,237
Other finance income		20,000	22,000
Loss before tax		(862,580)	(69,269)
Tax on loss	12	(12,000)	-
Loss for the financial year		(874,580)	(69,269)
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		(302,000)	107,000
Movement of deferred tax relating to pension asset		39,900	(38,190)
Other comprehensive income for the year		(262,100)	68,810
Total comprehensive income for the year		(1,136,680)	(459)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 14 to 30 form part of these financial statements.

THOMAS FATTORINI LIMITED
REGISTERED NUMBER: 00153351

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	625,845	799,729
		<u>625,845</u>	<u>799,729</u>
Current assets			
Stocks	14	1,719,157	1,579,247
Debtors: amounts falling due within one year	15	298,083	340,027
Cash at bank and in hand	16	1,444,033	2,098,842
		<u>3,461,273</u>	<u>4,018,116</u>
Creditors: amounts falling due within one year	17	(896,016)	(632,527)
Net current assets		<u>2,565,257</u>	<u>3,385,589</u>
Total assets less current liabilities		<u>3,191,102</u>	<u>4,185,318</u>
Creditors: amounts falling due after more than one year	18	(99,336)	(126,972)
Pension asset		612,360	782,460
Net assets		<u><u>3,704,126</u></u>	<u><u>4,840,806</u></u>
Capital and reserves			
Called up share capital	20	47,000	47,000
Profit and loss account	21	3,657,126	4,793,806
		<u><u>3,704,126</u></u>	<u><u>4,840,806</u></u>

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



G T B Fattorini

Director

Date: 30/6/21

The notes on pages 14 to 30 form part of these financial statements.

THOMAS FATTORINI LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	47,000	4,794,265	4,841,265
Loss for the year	-	(69,269)	(69,269)
Actuarial gains on pension scheme	-	68,810	68,810
At 1 January 2020	47,000	4,793,806	4,840,806
Loss for the year	-	(874,580)	(874,580)
Actuarial losses on pension scheme	-	(262,100)	(262,100)
At 31 December 2020	47,000	3,657,126	3,704,126

The notes on pages 14 to 30 form part of these financial statements.

THOMAS FATTORINI LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(874,580)	(69,269)
Adjustments for:		
Depreciation of tangible assets	213,604	229,052
Loss on disposal of tangible assets	-	(2,865)
Government grants	(6,919)	(7,399)
Interest received	(4,415)	(10,237)
Taxation charge	12,000	-
(Increase) in stocks	(139,910)	(124,689)
Decrease in debtors	30,048	323,187
Increase/(decrease) in creditors	102,683	(16,495)
Increase in amounts owed to related undertakings	139,985	232,910
(Decrease) in net pension assets/liabs	(92,000)	(94,000)
Net cash generated from operating activities	<u>(619,504)</u>	<u>460,195</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(39,720)	(278,183)
Sale of tangible fixed assets	-	2,865
Interest received	4,415	10,237
Net cash from investing activities	<u>(35,305)</u>	<u>(265,081)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(654,809)</u>	<u>195,114</u>
Cash and cash equivalents at beginning of year	2,098,842	1,903,728
Cash and cash equivalents at the end of year	<u><u>1,444,033</u></u>	<u><u>2,098,842</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,444,033	2,098,842
	<u><u>1,444,033</u></u>	<u><u>2,098,842</u></u>

The notes on pages 14 to 30 form part of these financial statements.

THOMAS FATTORINI LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	2,098,842	(654,809)	1,444,033
	<u>2,098,842</u>	<u>(654,809)</u>	<u>1,444,033</u>

The notes on pages 14 to 30 form part of these financial statements.

THOMAS FATTORINI LIMITED

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

1. General information

The principal activity of the company for the year under review was that of a manufacturer of badges and insignia.

The company operates from various premises throughout the United Kingdom. The principal trading and manufacturing address is Regent Street Works, Birmingham, B1 3HQ.

The company also manufactures and produces from Westbourne Road Works, Urmston, Manchester, M41 0TR and operates a sales office from 150 Minories, London, EC3N 1LS.

The company is a private company limited by shares and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic has brought and will continue to bring over the coming weeks and months, the directors feel that the company is well placed to negotiate the unique set of conditions currently facing the UK economy.

In reaching their conclusion, the directors have considered their cash flow for a period of 12 months from the date of sign off, the various financial support measures that have been announced by the UK government, and the availability of funding both externally and internally. The company has built a strong set of cash reserves that will allow the business to operate through such unforeseen circumstances.

The company's directors and shareholders have also indicated their continuing support to allow the adoption of the going concern status by giving full support to the Thomas Fattorini undertakings.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

THOMAS FATTORINI LIMITED

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

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Plant and machinery	- 5% - 20% straight line
Motor vehicles	- 20% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

THOMAS FATTORINI LIMITED

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

2. Accounting policies (continued)

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the 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, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

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

2.7 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Government grants

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

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

THOMAS FATTORINI LIMITED

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

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

THOMAS FATTORINI LIMITED

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

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

THOMAS FATTORINI LIMITED

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

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

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

THOMAS FATTORINI LIMITED

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

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

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors consider the key accounting estimates to be provision for work in progress estimating profits and losses, provision for trade debtors and the valuation of the defined benefit pension scheme asset.

Management estimate the provision for estimating profits and losses by comparing actual costs incurred to forecasts, relying on their past experience and expertise to ensure those estimates are accurate.

Provisions for trade debtors are reviewed by the directors on an ongoing basis who use their specific Industry knowledge and experience to ensure the correct judgements.

Management engage a qualified pension actuary to value the defined benefit scheme asset on an annual basis in accordance with the relevant accounting standards. Management review the assumptions used in formulating the calculation of the asset in accordance with their overall market knowledge on an ongoing basis.

4. Turnover

The whole of the turnover and profit before tax is attributable to the one principal activity of the company. The proportion of sales to overseas countries during the year was 7.0% (2019 - 18.6%).

5. Other operating income

	2020 £	2019 £
JRS income receivable	455,097	-
Amortisation of government grants receivable	6,919	7,399
	<u>462,016</u>	<u>7,399</u>

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	213,604	229,052
Operating lease rentals	35,391	126,974
Defined contribution pension cost	171,298	193,180
	<u>420,293</u>	<u>549,206</u>

THOMAS FATTORINI LIMITED

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

7. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,000	22,000

Fees payable to the Company's auditor and its associates in respect of:

The auditing of accounts of associates of the Company pursuant to legislation	8,080	8,080
Taxation compliance services	3,575	3,500
Business consultancy	48,600	48,600
	60,255	60,180

Fees payable to the Company's auditor and its associates in connection with the Company's pension scheme(s) in respect of:

	2020	2019
	£	£
The auditing of accounts of the scheme(s)	1,800	1,800
	1,800	1,800

THOMAS FATTORINI LIMITED

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

8. Employees

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

	2020 £	2019 £
Wages and salaries	1,929,379	2,060,879
Social security costs	176,601	176,084
Cost of defined contribution scheme	171,298	193,180
	<u>2,277,278</u>	<u>2,430,143</u>

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

	2020 No.	2019 No.
Production	60	63
Administrative	13	14
	<u>73</u>	<u>77</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	84,971	82,254
Company contributions to defined contribution pension schemes	9,031	9,042
	<u>94,002</u>	<u>91,296</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2020 £	2019 £
Other interest receivable	4,415	10,237
	<u>4,415</u>	<u>10,237</u>

THOMAS FATTORINI LIMITED

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

11. Other finance income

	2020 £	2019 £
Expected return on pension scheme assets	108,000	144,000
Interest on pension scheme liabilities	(88,000)	(122,000)
	<u>20,000</u>	<u>22,000</u>

12. Taxation

	2020 £	2019 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	12,000	-
Total deferred tax	<u>12,000</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>12,000</u>	<u>-</u>

Factors affecting tax charge for the year

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

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(862,580)</u>	<u>(69,269)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(163,890)	(13,161)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28	288
Capital allowances for year in excess of depreciation	33,235	(18,776)
Tax losses carried forward	165,395	57,974
Non-taxable income	(3,800)	(4,180)
Changes in provisions leading to an increase (decrease) in the tax charge	(5,288)	(8,465)
Permanent difference in respect of pension contributions	(13,680)	(13,680)
Total tax charge for the year	<u>12,000</u>	<u>-</u>

THOMAS FATTORINI LIMITED

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

12. Taxation (continued)

Factors that may affect future tax charges

The company has tax losses of approximately £1,600,000 (2019 - £680,000) available to carry forward and offset against future trading profits.

13. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 1 January 2020	3,348,316	182,908	3,531,224
Additions	39,720	-	39,720
Disposals	-	(32,250)	(32,250)
At 31 December 2020	<u>3,388,036</u>	<u>150,658</u>	<u>3,538,694</u>
Depreciation			
At 1 January 2020	2,609,908	121,587	2,731,495
Charge for the year on owned assets	192,687	20,917	213,604
Disposals	-	(32,250)	(32,250)
At 31 December 2020	<u>2,802,595</u>	<u>110,254</u>	<u>2,912,849</u>
Net book value			
At 31 December 2020	<u><u>585,441</u></u>	<u><u>40,404</u></u>	<u><u>625,845</u></u>
At 31 December 2019	<u><u>738,408</u></u>	<u><u>61,321</u></u>	<u><u>799,729</u></u>

14. Stocks

	2020 £	2019 £
Raw materials	1,201,198	936,383
Work in progress	517,959	642,864
	<u><u>1,719,157</u></u>	<u><u>1,579,247</u></u>

THOMAS FATTORINI LIMITED

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

15. Debtors

	2020 £	2019 £
Trade debtors	204,538	228,867
Other debtors	36,900	-
Prepayments and accrued income	56,645	99,160
Deferred taxation	-	12,000
	<u>298,083</u>	<u>340,027</u>

Amounts owed from other debtors are repayable on demand with no interest incurred on amounts due from.

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,444,033	2,098,842
	<u>1,444,033</u>	<u>2,098,842</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	212,338	48,504
Amounts owed to related undertakings	372,895	232,910
Other taxation and social security	119,487	110,466
Accruals and deferred income	191,296	240,647
	<u>896,016</u>	<u>632,527</u>

Amounts owed to related undertakings are repayable on demand with no interest incurred on amounts due.

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Government grants received	38,108	44,923
Accruals and deferred income	61,228	82,049
	<u>99,336</u>	<u>126,972</u>

THOMAS FATTORINI LIMITED

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

19. Deferred taxation

	2020 £	2019 £
At beginning of year	12,000	12,000
Charged to profit or loss	(12,000)	-
At end of year	<u>-</u>	<u>12,000</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	-	(110,000)
Tax losses carried forward	-	92,000
Other timings differences	-	30,000
	<u>-</u>	<u>12,000</u>

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
47,000 (2019 - 47,000) Ordinary shares of £1 each	<u>47,000</u>	<u>47,000</u>

The Ordinary shares carry rights of one vote per share and have no restrictions on the distribution of dividends and the repayment of capital.

21. Reserves

Profit and loss account

The closing balance on the profit and loss account includes a £612,360 (2019 - £782,460) credit, stated after deferred taxation of £143,640 (2019 - £183,540), in respect of pension scheme assets of the company pension scheme.

THOMAS FATTORINI LIMITED

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

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £171,298 (2019 - £193,180). Contributions totaling £18,000 (2019 - £18,000) were payable to the fund at the reporting date.

The Company operates a Defined Benefit Pension Scheme.

The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the company. No other post-retirement benefits are provided. The scheme is a funded scheme. The contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	4,500,000	4,425,000
Interest cost	88,000	122,000
Actuarial (gains)/losses	423,000	88,000
Benefits paid	(227,000)	(135,000)
At the end of the year	4,784,000	4,500,000

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	5,466,000	5,190,000
Interest income	108,000	144,000
Actuarial gains/(losses)	121,000	195,000
Contributions	72,000	72,000
Benefits paid	(227,000)	(135,000)
At the end of the year	5,540,000	5,466,000

THOMAS FATTORINI LIMITED

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

22. Pension commitments (continued)

Composition of plan assets:

	2020 £	2019 £
Equities	1,369,000	1,460,000
Bonds	833,000	905,000
Insured Pensions	2,638,000	2,279,000
Property	392,000	411,000
Cash and other net assets	308,000	411,000
Total plan assets	5,540,000	5,466,000
	2020 £	2019 £
Fair value of plan assets	5,540,000	5,466,000
Present value of plan liabilities	(4,784,000)	(4,500,000)
Deferred tax liability on surplus	(143,640)	(183,540)
Net pension scheme asset	612,360	782,460

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest expense on scheme liabilities	(88,000)	(122,000)
Interest income on plan assets	108,000	144,000
Total	20,000	22,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £-262,100 (2019 - £68,810).

The Company expects to contribute £72,000 to its Defined Benefit Pension Scheme in 2021.

THOMAS FATTORINI LIMITED

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

22. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	1.3	2.0
Future pension increases	3.3	3.3
Inflation assumption	3.3	3.3
Life Expectancy rates		
- for a male aged 65 now	22.7	22.7
- at 65 for a male aged 45 now	24.4	24.4
- for a female aged 65 now	24.7	24.6
- at 65 for a female member aged 45 now	26.5	26.4

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	(4,784,000)	(4,500,000)	(4,425,000)	(4,806,000)	(4,606,000)
Scheme assets	5,540,000	5,466,000	5,190,000	5,559,000	4,781,000
Surplus	756,000	966,000	765,000	753,000	175,000
Experience adjustments on scheme liabilities	(423,000)	(88,000)	153,000	(221,000)	(673,000)
Experience adjustments on scheme assets	121,000	195,000	(228,000)	228,000	416,000
	(302,000)	107,000	(75,000)	7,000	(257,000)

THOMAS FATTORINI LIMITED

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

23. Commitments under operating leases

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

	2020 £	2019 £
Not later than 1 year	127,863	123,993
Later than 1 year and not later than 5 years	12,145	123,000
	<u>140,008</u>	<u>246,993</u>

24. Related party transactions

G T B Fattorini, T R B Fattorini, T H T Fattorini and S T B Fattorini are directors of Thomas Fattorini (Properties) Limited and directors and shareholders of Thomas Fattorini (Holdings) Limited.

Included within creditors: amounts due within one year, is an amount due to Thomas Fattorini (Holdings) Limited of £372,895 (2019 - £232,910). This amount is interest free and repayable on demand.

Included within debtors: amounts due within one year, is an amount due from Thomas Fattorini (Properties) Limited of £36,900 (2019 - £Nil). This amount is interest free and repayable on demand.

During the year, management charges of £320,000 (2019 - £480,000) were paid on normal commercial terms to Thomas Fattorini (Holdings) Limited.

During the year, rent amounting to £30,750 (2019 - £123,000) was paid on normal commercial terms to Thomas Fattorini (Properties) Limited.