

**Registered number: 00166447**

**RUBERY OWEN HOLDINGS LIMITED AND ITS  
SUBSIDIARIES**

**Annual Report and Financial Statements**

**Year ended 31 December 2020**



# **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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# **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

## **COMPANY INFORMATION**

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### **DIRECTORS**

Mr R M Jenkins  
Mr C Elliott  
Mr C J M Shelley  
Mr K G McGuigan  
Mr E J Stanley  
Mr S J Owen

### **SECRETARY**

Higgs Secretarial Limited

### **REGISTERED OFFICE**

Suite 1.02  
Grosvenor House  
Hollingswood Road  
Central Park  
Telford  
TF2 9TW

### **REGISTERED NUMBER**

00166447

### **AUDITOR**

Mazars LLP  
First Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

### **BANKERS**

Barclays Bank PLC  
One Snowhill  
Snowhill Queensway  
Birmingham  
BX3 2BB

## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### STRATEGIC REPORT

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

#### REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

The Group continued its principal activities through the current year.

#### KEY PERFORMANCE INDICATORS

Management use a range of performance measures to monitor and manage the business. The financial key performance indicators are set out below:

	2020	2019
Gross profit margin	15.8%	15.9%
Operating profit	1.6%	1.6%
Current ratio (Current assets/Current liabilities)	2.0	1.7
	£000	£000
Net cash inflow/(outflow)	3,630	(15)

#### DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

	£'000	2020	2019
Group Profit Before Tax		767	1,027
Less property revaluations		(183)	(83)
Less DB Pension Adjustment		(75)	(107)
Underlying Trading Profit/(loss)		509	838

The full year profit before tax was £767k, a decline of £260k on the profit of £1,027k in 2019. After taking out the one-off income and expenses the group generated an underlying profit before tax of £509k in 2020 a decrease of £329k on the £838k in 2019.

2020 was a uniquely challenging year, with the global pandemic having a significant effect on our staff and businesses. Our most important priority over the last 12 months has been safeguarding the health and well being of our staff and taking action to ensure we protect as many jobs as possible. By the end of March 2020 Shukers Ltd closed its doors in accordance with guidance from the UK Government and JLR and most staff were put on the Coronavirus Job Retention Scheme ('furlough'). Shukers started trading again in May 2020 in line with Government guidance and has adapted throughout the year to ensure we were always following Government regulations. For the remaining businesses we provided equipment and support to allow as many staff as possible to work from home and then formulated new health and safety policies to protect those staff who had to work on site.

From a trading perspective we suffered some significant falls in revenue in most of our businesses and, at its peak, had 60% of staff in the Group on furlough. As a Group we took action to reduce our working capital and ensure we had access to enough liquidity to see us through the toughest parts of the lockdowns. Further cost saving measures included putting a temporary restriction on capital expenditure and the Board of Directors taking a temporary 20% reduction in salary. In light of the Group using the Coronavirus Job Retention Scheme the Group did not pay a dividend in the year.

Due to the diversity of our group some of our businesses performed well during the year, with Merlin Powder Characterisation Ltd and Techtron Ltd both having their record years in pharmaceutical powder testing and chemical formulation respectively.

#### FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the Group's net assets at the year-end increased from £23.2m at 31 December 2019 to £23.6m at 31 December 2020, an increase of £0.4m.

## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### STRATEGIC REPORT

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#### POST BALANCE SHEET EVENTS

There are no material post balance sheet events at the date of signing these statutory accounts.

#### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The principal risks and uncertainties facing the Group are as follows:

##### *Covid 19 – Health impact*

The health and well-being of our staff is of primary importance and we have ensured that we follow Government health and safety guidelines at all times across the Group. Although there is hope that the worst effects of the virus can be mitigated by vaccination, the risk of virus mutations and vaccine hesitancy means the health risks are still present. We are encouraging all staff to get vaccinated when their turn comes and we are continuing to follow Government guidance for health and safety at work.

##### *Covid 19 – Economic impact*

Alongside the risks to health from Covid 19, there has been a significant economic impact. Although the restrictions on business are gradually being eased, the risk of mutations and further waves of the virus means a significant economic risk remains.

##### *Brexit*

Although the UK has left the EU and the ‘transition period’, there is a lingering risk from the longer term impacts of Brexit. We have seen an increase in the cost of shipping to the EU and greater difficulty in providing services at customer sites in EU countries. We are working through the difficulties we encounter but there is a continuing risk of negative impacts from Brexit.

##### *Key Personnel*

Our personnel are key to the success of the organisation. Loss of key people is a risk faced by most businesses and we manage this risk by ensuring we train, reward and communicate with our people as effectively as possible.

##### *Health & Safety*

The health and safety of our employees is of paramount importance to the Group. We have recently updated our health and safety procedures across the Group to ensure that we have identified all significant risks and our controls are effective and up to date. We use a third party health and safety consultant to oversee our processes and to work with the local health and safety teams.

The Group has a ‘Risk Matrix’ which identifies the key risks across the Group and actions needed to mitigate those risks. The matrix is monitored regularly to ensure it is current and reflects the latest view of the Board in terms of risk. The risks identified above are the most significant alongside the risk of the loss of significant customers or suppliers.

#### S172 DUTY TO PROMOTE THE SUCCESS OF OUR BUSINESS

Section 172 of the Companies Act highlights the directors’ duty to promote the success of the company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term, the need to act fairly between members of the company, and the company’s wider relationships. The approach required is sometimes referred to as ‘enlightened shareholder value’.

Broadly, we have 6 key stakeholder groups in the business, being the staff collectively, shareholders, our key providers of finance (including our bank), customers, suppliers and the defined benefit pension scheme. We communicate with each of these groups on a regular basis and take note of their views, wishes and concerns when making key decisions.

For our staff we have a six monthly roadshow where Group management visit each site and give an update on what is happening across the Group and we focus on one of the Group values and the individual teams present on how that value is being demonstrated in their business. The Group values are as follows; Be Encouraging, Be Brave, Be a Family, Be Dependable, Be Responsible and Be Collaborative. There is a question-and-answer session where the teams are encouraged to be direct and provide honest feedback in discussing issues that impact their working lives. We also have annual employee surveys which assess the sentiment of the employees at each business against set criteria. The findings of these surveys are compared to previous years to highlight any positive or negative trends or movements and action taken as required.

We encourage each of our business leaders to formulate longer term strategic visions for their business and work the Group functions to help realise that vision.

## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### STRATEGIC REPORT

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We hold a shareholder meeting following our AGM, in which Group management present analysis on the performance of the businesses and development opportunities. This is an open forum where shareholders can question management and raise any issues they wish. We also have shareholder tours of the businesses every 6 months. Shareholders meet the local management team and staff and understand their particular opportunities and challenges.

Shareholders are also encouraged to discuss the performance of the businesses and share their vision of the future of the group with the CEO, which has fed into the development of the strategic plan for the Group. In addition, there is shareholder representation on the Board with two of the four non-executive directors being shareholders.

We have regular meetings with our bank where we discuss trading performance and strategic challenges and opportunities. Any significant decision that we take as a Board is discussed with the bank so that they are kept abreast of our plans to grow the Group.

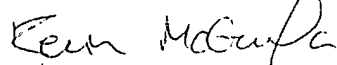
All of our businesses talk to their key customers and suppliers on a regular basis to ensure that we keep up to date with market movements and sentiment. In addition to this we also do periodic customer surveys so we can assess our performance. This market intelligence helps feed our short-term forecasting and longer-term strategic planning.

We have regular meetings with the now closed defined benefit pension scheme so that they are kept up to date with the financial performance of the Group.

All required disclosures have been made on the Group website.

#### APPROVAL

This report was approved by the board on 9/7/21 and signed on its behalf by:



K McGuigan – Group Finance Director

## **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **DIRECTORS REPORT**

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

#### **PRINCIPAL ACTIVITIES**

The trading activities of the Group during the year were principally the distribution of motor vehicles, cleaning technologies for the automotive and engineering industries, the provision of metallurgical, mechanical and chemical testing services, the design and build of bespoke test machinery, the provision of outsourced powder characterisation services, the provision of battery management solutions and the provision of chemical blending and contract packing services.

#### **FUTURE DEVELOPMENTS**

The outlook for 2021 is positive with the businesses performing relatively well in lockdown in the first half of the year and are well placed to take advantage of any economic upturn from the relaxation of coronavirus restrictions.

#### **DIVIDENDS**

Due to the Group making use of the Coronavirus Job Retention Scheme, no dividends were proposed or paid in the year. (2019: dividend paid of £311,910).

#### **DIRECTORS**

The directors set out below have held office during the whole of the year from 1 January 2020 to the date of this report unless otherwise stated.

Mr R M Jenkins  
Mr C Elliott  
Mr C J M Shelley  
Mr K G McGuigan  
Mr E J Stanley  
Mr S J Owen

In accordance with the articles of association Mr C Elliott and Mr C J M Shelley will retire by rotation and being eligible offer themselves for re-election.

#### **RESPONSIBILITIES OF DIRECTORS**

The directors are responsible for preparing the Strategic Report, Directors' Report and 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 satisfied that they give a true and fair view of the state of affairs of the Company and Group 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 judgments and accounting estimates that are reasonable and prudent;
- \* state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* prepare the financial statements on the 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **DIRECTORS REPORT**

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#### **EMPLOYEE INVOLVEMENT**

The Group has well established structures and procedures for consultation and negotiation with its employees, appropriate to the company concerned. Importance is placed on this aspect of the business and all managers have responsibility towards this end.

#### **DIRECTORS' INDEMNITY**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

#### **EMPLOYMENT POLICIES**

The Group takes its responsibilities to all members of society seriously and has an established policy of encouraging the employment of disabled persons. Fair and full consideration is given to applications for employment made by disabled persons, having regard to their aptitude and abilities. Every effort is made to ensure opportunities for training, career progression, succession planning and promotion are given to all staff with the relevant skills and attitude.

#### **FINANCIAL INSTRUMENTS**

The Group uses various financial instruments. These include loans, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. Their existence exposes the Group to a number of financial risks which are described in more detail below.

##### **Currency risk**

The Group is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are assessed and hedging is considered where the risks facing the Group are outside acceptable limits.

Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

##### **Liquidity risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. Short-term flexibility is achieved by overdraft facilities. Longer term borrowing is achieved by utilising finance leases and bank loans when considered appropriate.

##### **Interest rate risk**

The Group finances its operations through a mixture of bank borrowings and finance leases. The Group's policy is to arrange bank overdrafts and loans with a floating rate of interest and to arrange finance leases with a fixed interest rate.

##### **Credit risk**

The principal credit risk arises from trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controllers on a regular basis in conjunction with debt ageing and collection history.



## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### DIRECTORS REPORT

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#### ENERGY AND CARBON REPORTING

The Group takes its responsibility to our staff, our local communities and our environment very seriously and has undertaken a number of initiatives to reduce waste and improve our carbon footprint. For example:

- Rozone Limited, one of our subsidiary companies, supplies environmentally friendly parts washers and has recently launched a more energy efficient model.
- The move to more home working brought on by Covid 19 has resulted in far fewer car journeys being undertaken by staff members. This trend will continue as we encourage a hybrid model of working once Covid restrictions are eased.
- The use of technology is helping reduce the use of paper within the Group, from adopting e-payslips to discouraging the unnecessary printing of documents that can be displayed electronically.
- Shukers have solar panels fitted to the Ludlow showroom which has dramatically reduced their energy bills.
- Shukers have fitting electric vehicle charging points in Ludlow and Aberystwyth to encourage the use of hybrid and electric vehicles.

In accordance with the requirements of the Streamlined Energy and Carbon Reporting regulations, we have assessed the energy usage within Shukers Limited, as the largest business within the Group. Using the Carbon Calculator in the Carbon Trust website we have calculated that Shukers produced 259 tonnes (1,071,540 kWh) of carbon dioxide in the year to 31 December 2020. This equates to 4.9 tonnes per staff member which is classified as within the expected range for the type of business.

We are continuing to look at ways to reduce our carbon footprint across the Group.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved:

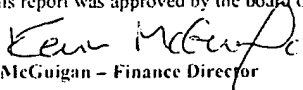
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

#### AUDITOR

Mazars LLP will continue in office in accordance with CA 2006 s487(2).

#### APPROVAL

This report was approved by the board on 9/7/21 and signed on its behalf by:

  
K McGuigan – Finance Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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### **Opinion**

We have audited the financial statements of Rubery Owen Holdings Limited (the parent company) and its subsidiaries (the Group) for the year ended 31 December 2020 which comprise consolidated statement of comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the Group and Company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **In our opinion, the financial statements:**

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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### **Matters on which we are required to report by exception**

In 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 5, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

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Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit 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.



Louis Burns (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants & Statutory Auditor

First Floor

Two Chamberlain Square

Birmingham

B3 3AX

Date : 9 July 2021

**RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2020

	Notes	2020 £	2019 £
<b>TURNOVER - Continuing activities</b>	5	<b>53,204,585</b>	56,197,695
Cost of sales		<b>(44,809,536)</b>	(47,273,010)
<b>GROSS PROFIT</b>		<b>8,395,049</b>	8,924,685
Net operating expenses		<b>(8,328,660)</b>	(8,465,670)
Gains on revaluation of investment properties		<b>183,000</b>	82,500
Other operating income	11(c)	<b>577,627</b>	374,213
<b>OPERATING PROFIT</b>		<b>827,016</b>	915,728
Profit on disposal of tangible fixed assets		<b>32,499</b>	165,656
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>859,515</b>	1,081,384
Interest receivable and similar income	11(a)	<b>98,083</b>	152,443
Interest payable and similar charges	11(b)	<b>(190,280)</b>	(206,643)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	7	<b>767,318</b>	1,027,184
Taxation on profit on ordinary activities	12	<b>(12,831)</b>	(533,914)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>754,487</b>	493,270
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurement of net defined benefit pension asset		<b>(386,000)</b>	155,000
Deferred tax thereon		<b>73,500</b>	(26,000)
Adjustment relating to change of rate		<b>(75,360)</b>	-
		<b>(387,860)</b>	129,000
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>366,627</b>	622,270

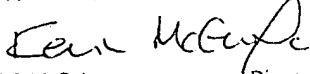
RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020	2019
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	13	1,052,328	1,096,096
Tangible assets	14	12,009,176	12,254,955
Investments	16	158,988	97,868
		<u>13,220,492</u>	<u>13,448,919</u>
<b>CURRENT ASSETS</b>			
Stocks	17	10,945,215	12,927,959
Debtors	18	4,228,364	5,223,006
Cash at bank and in hand		6,645,405	4,523,628
		<u>21,818,984</u>	<u>22,674,593</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	19	(11,149,195)	(13,082,631)
<b>NET CURRENT ASSETS</b>		<u>10,669,789</u>	<u>9,591,962</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>23,890,281</u>	<u>23,040,881</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	20	(3,243,917)	(2,711,153)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	21	(524,832)	(885,823)
<b>POST-EMPLOYMENT BENEFITS</b>	27	3,457,000	3,768,000
<b>NET ASSETS</b>		<u>23,578,532</u>	<u>23,211,905</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	1,029,408	1,029,408
Share premium		400	400
Reserves		22,547,012	22,180,385
Shareholders' funds - equity interests		22,576,820	23,210,193
Minority interests		1,712	1,712
		<u>23,578,532</u>	<u>23,211,905</u>

Approved by the board on 9/7/21 and signed on its behalf

  
K G McGuigan Director

  
R M Jenkins Director

Registered number: 00166447

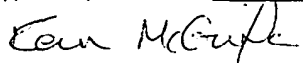
RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY STATEMENT OF FINANCIAL POSITION  
For the year ended 31 December 2020

	Notes	2020	2019
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	14	3,075,331	2,911,447
Investments in subsidiaries	15	10,300,796	10,300,796
Other investments	16	61,120	-
		<u>13,437,247</u>	<u>13,212,243</u>
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	18	1,696,857	306,295
Cash at bank and in hand		<u>4,387,253</u>	<u>3,777,853</u>
		6,084,110	4,084,148
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	19	<u>(211,892)</u>	<u>(338,150)</u>
<b>NET CURRENT ASSETS</b>		<u>5,872,218</u>	<u>3,745,998</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>19,309,465</u>	<u>16,958,241</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	20	<u>(6,832,608)</u>	<u>(5,533,602)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	21	<u>(627,342)</u>	<u>(640,000)</u>
<b>POST-EMPLOYMENT BENEFITS</b>	27	<u>3,457,000</u>	<u>3,768,000</u>
<b>NET ASSETS</b>		<u><u>15,306,515</u></u>	<u><u>14,552,639</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	1,029,408	1,029,408
Share premium		400	400
Reserves		<u>14,276,707</u>	<u>13,522,831</u>
Shareholders' funds - equity interests		<u><u>15,306,515</u></u>	<u><u>14,552,639</u></u>

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent Company's profit for the year was £817,627 (2019: £763,266).

Approved by the board on 9/7/21 and signed on its behalf

  
K G McGuigan Director

  
R M Jenkins Director

Registered number: 00166447

**RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**COMPANY STATEMENT OF FINANCIAL POSITION**

**For the year ended 31 December 2020**

<b>GROUP</b>	<b>Share capital £</b>	<b>Share premium account £</b>	<b>Profit &amp; loss account £</b>	<b>Revaluation and other reserves £</b>	<b>Total £</b>
At 1 January 2019	1,029,408	400	20,424,768	1,445,257	22,899,833
<b>Comprehensive income for the year</b>					
- Profit for the year	-	-	493,270	-	493,270
- Dividend paid	-	-	(311,910)	-	(311,910)
<b>Other comprehensive income for the year</b>					
- Remeasurements of net defined benefit pension asset	-	-	129,000	-	129,000
At 31 December 2019	1,029,408	400	20,735,128	1,445,257	23,210,193
<b>Comprehensive income for the year</b>					
- Profit for the year	-	-	754,487	-	754,487
- Dividend paid	-	-	-	-	-
<b>Other comprehensive income for the year</b>					
- Remeasurements of net defined benefit pension asset	-	-	(387,860)	-	(387,860)
At 31 December 2019	<u>1,029,408</u>	<u>400</u>	<u>21,101,755</u>	<u>1,445,257</u>	<u>23,580,244</u>
<b>COMPANY</b>	<b>Share capital £</b>	<b>Share premium account £</b>	<b>Profit &amp; loss account £</b>	<b>Revaluation and other reserves £</b>	<b>Total £</b>
At 1 January 2019	1,029,408	400	12,106,237	836,238	13,972,283
<b>Comprehensive income for the year</b>					
- Profit for the year	-	-	763,266	-	763,266
- Dividend paid	-	-	(311,910)	-	(311,910)
<b>Other comprehensive income for the year</b>					
- Remeasurements of net defined benefit pension asset	-	-	129,000	-	129,000
At 31 December 2019	1,029,408	400	12,686,593	836,238	14,552,639
<b>Comprehensive income for the year</b>					
- Profit for the year	-	-	1,141,736	-	1,141,736
- Dividend paid	-	-	-	-	-
<b>Other comprehensive income for the year</b>					
- Remeasurements of net defined benefit pension asset	-	-	(387,860)	-	(387,860)
At 31 December 2020	<u>1,029,408</u>	<u>400</u>	<u>13,440,469</u>	<u>836,238</u>	<u>15,306,515</u>



**RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2020**

	2020	2019
	£	£
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	1,018,886	493,270
<b>Adjustments for:</b>		
Depreciation of tangible assets	778,292	889,773
Amortisation and impairment of intangible assets	175,722	368,537
Release of government grants	(12,846)	(8,513)
Net profit on disposal of intangible & tangible assets	(32,499)	(75,357)
Fair value movements in investment properties	(183,000)	(82,500)
Interest paid	190,280	206,643
Interest received	(98,083)	(152,443)
Taxation	(251,660)	533,914
Movement in trade and other receivables	994,642	(126,668)
Movement in inventories	1,982,744	(1,498,869)
Movement in trade payables	469,473	(309,079)
<b>Cash from operations</b>	<b>5,031,951</b>	<b>238,708</b>
Income taxes paid	(142,747)	(135,550)
<b>Net cash generated from operating activities</b>	<b>4,889,204</b>	<b>103,158</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	64,509	2,670,639
Purchases of tangible fixed assets	(380,620)	(2,735,032)
Purchase of intangible fixed assets	(131,954)	(78,085)
Purchase of investments	(61,120)	-
Capital grant received	110,000	-
Interest received	23,083	45,443
<b>Net cash used in investing activities</b>	<b>(376,102)</b>	<b>(97,035)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(3,294)	(9,535)
Dividends paid	-	(311,910)
Interest paid	(190,280)	(205,515)
Net (repayment)/receipt of long term loans	(689,947)	506,045
<b>Net cash used in financing activities</b>	<b>(883,521)</b>	<b>(20,915)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,629,581</b>	<b>(14,792)</b>
Cash and cash equivalents at beginning of year	2,054,723	2,069,515
<b>Cash and cash equivalents at the end of year</b>	<b>5,684,304</b>	<b>2,054,723</b>
<b>RECONCILIATION OF NET FUNDS</b>		
Cash at bank and in hand	6,645,405	4,523,628
Bank overdraft	(961,101)	(2,468,905)
<b>Bank loans</b>	<b>5,684,304</b>	<b>2,054,723</b>
	(3,000,000)	(3,689,947)
<b>Net funds/(debt)</b>	<b>2,684,304</b>	<b>(1,635,224)</b>

## **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

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#### **1. GENERAL INFORMATION**

Rubery Owen Holdings Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Suite 1.02 Grosvenor House, Hollingswood Road, Central Park, Telford, TF2 9TW. The Group operates within the UK and sells primarily to the UK.

#### **2. STATEMENT OF COMPLIANCE**

The financial statements of Rubery Owen Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The policies applied under the group's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of accounting**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention, with the exception of certain financial assets and liabilities and investment properties being measured at fair value through profit or loss.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and amortised. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

##### **(b) Going concern**

The financial statements have been prepared on a going concern basis. The Company's and Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to manage business risk successfully. Management have modelled various forecasts based on significantly reduced activity levels. These forecasts demonstrate that even under these conditions, which are considered highly unlikely, the group has sufficient levels of working capital available to remain solvent. After making enquiries and considering the potential future impact of Brexit and COVID-19, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Foreign currency**

**(i) Functional and presentation currency**

The Group's functional and presentation currency is pounds sterling.

**(ii) 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense) / income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

**(d) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

**(i) Sale of goods**

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the amount of revenue can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**(ii) Sale of services**

Revenue from services is recognised in the period in which the services are provided and when the service has been completed in full.

**(e) Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual company financial statements.

## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (f) Fixed assets

All fixed assets, other than investment properties, are initially recorded at cost and subsequently measured at cost less depreciation and any provision for impairment.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

##### (g) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2.5% - 4.0%
Plant & Machinery	- 6.0% - 10.0%
Motor Vehicles	- 25.0% - 33.3%

##### (h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### (i) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value. In the case of work in progress and finished goods, cost comprises direct materials and direct labour calculated on a first-in-first-out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

##### (j) Consignment stocks

Consignment stock represents trading stock to which the Group does not have legal title but has rights approximating to the risks and rewards of ownership. Such stocks are stated at cost as at the date of consignment with an equivalent liability being reflected in creditors.

##### (k) Operating leases

###### *Finance leases*

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

This liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

###### *Operating leases*

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

## RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (l) Pension costs

###### *Defined benefit scheme*

The pension scheme liabilities are measured using the projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme asset or liability is recognised in full on the balance sheet.

###### *Defined contribution scheme*

Payments in respect of other post-retirement benefits are charged to the profit and loss account in the period to which they relate.

##### (m) Investment properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the income statement. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the income statement.

##### (n) Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (o) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### (p) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### (i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

## **RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

##### **(iii) Offsetting**

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.

##### **(q) Distributions to equity holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

##### **(r) Rental income**

Rental income is recognised in the period to which the rent receivable relates.

##### **(s) Interest income**

Interest income is recognised using the effective interest rate method.

##### **(t) Provisions for liabilities**

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Research and development expenditure

Expenditure on research and development is written off against profits on ordinary activities as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(v) Intangible fixed assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The estimated useful lives range as follows:

Goodwill - 10% straight line / Development costs - 10% straight line

Brands - 10% straight line / Customer lists - 10% straight line

4. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets and annual amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the tangible assets. See notes 13 and 14 for the carrying amount of tangible and intangible assets, and the depreciation and amortisation accounting policy notes above for the useful economic lives for each class of asset.

(ii) Measurement of defined benefit obligations – key actuarial assumptions

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The Group has estimated that this will increase scheme liabilities by £337,000 which equates to 1% of scheme liabilities. This is included in note 27.

(iii) Trade debtors

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

(iv) Impairment and valuation of tangible and intangible assets

All tangible and intangible assets are reviewed on at least an annual basis for any indicators of impairment. Where the recoverable amount attached to an asset is lower than the carrying amount, an impairment loss is recognised to bring the carrying amount in line with the recoverable amount. All intangible and tangible fixed asset additions are carefully reviewed to ensure they meet the capitalisation criteria in FRS 102.

# RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 5. SEGMENTAL INFORMATION

Turnover represents the invoiced value of sales, excluding value added tax. Turnover, net assets and profit on ordinary activities are attributable to the principal activities of the Group as detailed in the Directors' Report.

The Group operates in the United Kingdom.

	2020	2019
	£	£
Turnover is analysed by geographical destination as follows:		
United Kingdom	51,742,742	54,388,434
Rest of Europe	1,436,370	1,785,643
Rest of the World	25,473	23,618
	<u>53,204,585</u>	<u>56,197,695</u>

	2020	2019
	£	£
Turnover is analysed by category as follows:		
Sale of goods	49,412,659	51,921,190
Render of services	3,791,926	4,276,505
	<u>53,204,585</u>	<u>56,197,695</u>

### 6. EMPLOYEE INFORMATION

	2020	2019
	£	£
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	5,067,311	5,141,624
Social security costs	521,574	509,664
Other pension costs	391,470	417,734
	<u>5,980,354</u>	<u>6,069,022</u>

The average number of persons (including executive directors) employed during the year is analysed below:

	2020	2019
	No.	No.
Production	84	97
Selling and distribution	45	41
Administration	58	58
	<u>187</u>	<u>196</u>

### 7. PROFIT ON ORDINARY ACTIVITIES

	2020	2019
	£	£
Profit on ordinary activities is stated after charging/(crediting):-		
Depreciation of owned tangible fixed assets	778,292	862,259
Depreciation of assets held under finance leases and hire purchase contracts	-	27,514
Amortisation of intangible assets	175,722	168,510
Impairment of intangible assets	-	200,027
Profit on disposal of tangible fixed assets	(32,499)	(165,656)
Loss on disposal of intangible fixed assets	-	90,299
	<u></u>	<u></u>



# RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 8. AUDITOR'S REMUNERATION

	2020 £	2019 £
Fees payable to the Company's auditors		
Audit of the Company's annual accounts	5,000	11,000
Services relating to taxation	7,000	6,500
Other services	1,250	1,200
Fees payable to the Company's auditors for other services to the Group		
Audit of subsidiary companies' accounts	59,000	40,100
Services relating to taxation	17,000	15,100
Other services	11,765	11,400
	<u>101,015</u>	<u>85,300</u>

### 9. DIRECTORS' EMOLUMENTS

Emoluments paid to the directors of Rubery Owen Holdings Limited were as follows:

	2020 £	2019 £
Fees	23,393	31,898
Management services	256,341	229,824
Pension contributions	27,557	41,292
	<u>307,291</u>	<u>303,014</u>

The number of Directors who accrued benefits under Company pension schemes was two (2019 – two). The highest paid Director received emoluments of £141,078 (2019: £126,377) and £12,698 (2019: £20,575) was paid by the Group into his money purchase pension scheme.

In addition to the above, Lindsay Guy (wife of R M Jenkins) invoiced the Company £25,556 (2019: £26,375) for consultancy services.

### 10. DIVIDENDS

	2020 £	2019 £
Interim dividend paid on Ordinary share capital	-	157,499
Final dividend paid on Ordinary share capital	-	154,411
	<u>-</u>	<u>311,910</u>

### 11. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
(a) Interest receivable	23,083	45,443
Net interest on pension liabilities	75,000	107,000
	<u>98,083</u>	<u>152,443</u>
(b) Interest payable and similar charges on amounts due within five years:		
Bank loans and overdrafts	181,123	205,515
Finance leases and hire purchase contracts	448	1,128
	<u>181,571</u>	<u>206,643</u>
(c) Other operating income includes government grant income of £511,307 (2019 £Nil).		

# RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 12. TAXATION

	2020 £	2019 £
<b>(a) Analysis of charge in the year</b>		
Current tax:		
UK corporation tax on profit for the year	133,271	24,575
Adjustment in respect of previous years	242,411	452,643
Total current tax (see (b) below)	375,682	477,218
Deferred tax:		
Origination and reversal of timing differences	(95,923)	164,785
Adjustment in respect of previous years	(281,178)	(126,089)
Deferred tax relating to defined benefit pension scheme	14,250	18,000
	(362,851)	56,696
Tax on profit on ordinary activities	12,831	533,914
<b>(b) Factors affecting tax charge for the year</b>		
Profit on ordinary activities before taxation	767,226	1,027,184
Profit on ordinary activities multiplied by the relevant rate of corporation tax in the UK of 19% (2019: 19%)	145,773	195,165
Effects of:		
Expenses not deductible for tax purposes	5,137	31,148
Income not taxable	(96,140)	-
Other short term timing differences	(26,851)	(38,409)
Fixed asset differences	23,679	19,456
Adjustment in respect of prior years	(38,767)	326,554
Current tax (credit)/charge for year (see (a) above)	12,831	533,914

### (c) Factors that may affect future tax charges

The corporation tax rate for the year ended 31 December 2020 was 19%. The Corporation Tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK Corporation Tax rate to decrease to 17% from 1 April 2020. However, on the 17th March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop-in Corporation Tax rate to 17%.

**RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

**13. INTANGIBLE FIXED ASSETS**

	<b>Goodwill £</b>	<b>Development costs £</b>	<b>Brands £</b>	<b>Customer lists £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2020	936,592	507,811	126,208	170,123	1,740,734
Additions	-	131,954	-	-	131,954
At 31 December 2020	<u>936,592</u>	<u>639,765</u>	<u>126,208</u>	<u>170,123</u>	<u>1,872,688</u>
<b>Amortisation</b>					
At 1 January 2020	265,318	82,989	126,208	170,123	644,638
Charge for the year	93,659	82,063	-	-	175,722
At 31 December 2020	<u>358,977</u>	<u>165,052</u>	<u>126,208</u>	<u>170,123</u>	<u>820,360</u>
<b>Net book value</b>					
At 31 December 2020	<u>577,615</u>	<u>474,713</u>	<u>-</u>	<u>-</u>	<u>1,052,328</u>
At 31 December 2019	<u>671,274</u>	<u>424,822</u>	<u>-</u>	<u>-</u>	<u>1,096,096</u>

**RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

**14. TANGIBLE FIXED ASSETS**

<b>COMPANY</b>	<b>Investment properties £</b>	<b>Freehold properties, land and buildings £</b>	<b>Plant, machinery, equipment and motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2020	2,531,000	398,307	21,891	2,951,198
Additions	-	-	2,678	2,678
Revaluation	167,000	-	-	167,000
	<u>2,698,000</u>	<u>398,307</u>	<u>24,569</u>	<u>3,120,876</u>
At 31 December 2020				
<b>Accumulated depreciation</b>				
At 1 January 2020	-	23,682	16,069	39,751
Provided in year	-	2,456	3,338	5,794
	<u>-</u>	<u>26,138</u>	<u>19,407</u>	<u>45,545</u>
At 31 December 2020				
<b>Net book value</b>				
At 31 December 2020	<u>2,698,000</u>	<u>372,169</u>	<u>5,162</u>	<u>3,075,331</u>
At 31 December 2019	<u>2,531,000</u>	<u>374,625</u>	<u>5,822</u>	<u>2,911,447</u>

Investment properties were revalued by Bulleys Bradbury, an independent Chartered Surveyor, at the year end on an open market basis.

Freehold and long leasehold land and buildings were revalued by Jones Lang Lasalle, an independent Chartered Surveyor, during 2009 on an existing use basis. The Group has decided not to continue its policy of revaluation of freehold properties, land and buildings used within the group and has elected to use this valuation as deemed cost on transition.

RUBERY OWEN HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020

14. TANGIBLE FIXED ASSETS (continued)  
GROUP

	Investment properties £	Freehold properties, land and buildings £	Long leasehold properties £	Plant, machinery, equipment and motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	2,345,000	7,228,022	1,635,002	7,345,068	18,553,092
Additions at cost	-	54,163	3,710	322,747	380,620
Revaluation	183,000	-	-	-	183,000
Disposals	-	-	-	(200,392)	(200,392)
At 31 December 2020	<u>2,528,000</u>	<u>7,282,185</u>	<u>1,638,712</u>	<u>7,445,500</u>	<u>18,894,397</u>
<b>Accumulated depreciation</b>					
At 1 January 2020	-	597,104	450,515	5,250,518	6,298,137
Provided in year	-	293,808	80,562	407,558	781,928
Eliminated on disposals	-	-	-	(194,844)	(194,844)
At 31 December 2020	<u>-</u>	<u>890,912</u>	<u>531,077</u>	<u>5,463,232</u>	<u>6,885,221</u>
<b>Net book value</b>					
At 31 December 2020	<u>2,528,000</u>	<u>6,391,273</u>	<u>1,107,635</u>	<u>1,982,268</u>	<u>12,009,176</u>
At 31 December 2019	<u>2,345,000</u>	<u>6,630,918</u>	<u>1,184,487</u>	<u>2,094,550</u>	<u>12,254,955</u>

The book value of plant, machinery, equipment and motor vehicles includes an amount of £Nil (2019: £50,434) in respect of assets held under finance leases.

Investment properties were revalued by Bulleys Bradbury, an independent Chartered Surveyor, at the year end on an open market basis.

Freehold and long leasehold land and buildings were revalued by Jones Lang Lasalle, an independent Chartered Surveyor, during 2009 on an existing use basis. The Group decided not to continue its policy of revaluation of freehold properties, land and buildings and has elected to use this valuation as deemed cost on transition to FRS 102.

**15. FIXED ASSET INVESTMENTS**

**INVESTMENTS IN GROUP UNDERTAKINGS**

	<b>Cost £</b>	<b>Provision £</b>	<b>Net investment £</b>
At 1 January 2020 and at 31 December 2020	<u>12,262,722</u>	<u>(1,961,926)</u>	<u>10,300,796</u>

The following are the Company's principal subsidiary undertakings:

<b>Name of subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>Proportion of nominal value of issued shares held</b>	<b>Nature of business</b>
Shukers Limited	England	Ordinary	100%	Distribution
Rozone Limited	England	Ordinary	100%	Distribution
Newhall Estates Limited	England	Ordinary	100%	Property Development
Rotech Laboratories Limited	England	Ordinary	100%	Laboratory Testing
Techtron Limited	England	Ordinary	100%	Manufacturer
Phoenix Calibration & Services Limited	England	Ordinary	100%	Laboratory Testing
Merlin Powder Characterisation Limited	England	Ordinary	100%	Powder Characterisation
B.N.M. Services Limited	England	Ordinary	100%	Property holding
Cambrian Garages Limited	England	Ordinary	100%	Property holding

# 16. FIXED ASSET INVESTMENTS - OTHERS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Interest in associated undertakings	43,563	43,563	-	-
Other investments	654,776	593,656	436,120	375,000
Less amounts written off	(539,351)	(539,351)	(375,000)	(375,000)
	115,426	54,305	61,120	-
Net book value	158,988	97,868	61,120	-

	Group	Company
	£	£
INTEREST IN ASSOCIATED UNDERTAKINGS		
At 1 January 2020 and at 31 December 2020	43,563	-

Details of the associated undertakings at 31 December 2020 are:

Name	Country of incorporation	Class of shares held	Percentage held by the Company	Nature of business
AMS Rozzone GmbH	Germany	Ordinary	50%	Distribution

# 17. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	101,573	110,347	-	-
Work in progress	2,216,236	1,970,715	-	-
Finished goods	8,627,406	10,846,897	-	-
	10,945,215	12,927,959	-	-

Included within work in progress is land held for development amounting to £2,187,880 (2019: £1,928,236)

# 18. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:-				
Trade debtors	3,094,440	3,973,823	64,858	39,115
Due from Group undertakings	-	-	1,038,537	-
Other debtors	530,138	666,417	572,554	244,625
Prepayments and accrued income	603,786	582,766	20,908	22,555
	4,228,364	5,223,006	1,696,857	306,295

# 19. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Bank loans and overdraft	24	961,101	3,598,795	-	-
Trade creditors		8,114,623	7,554,950	44,735	58,070
Due to Group undertakings		-	-	-	17,943
Corporation tax		-	26,415	-	-
Other taxation and social security		600,124	512,763	16,794	12,306
Other creditors		206,359	301,348	23,568	37,762
Obligations under finance leases and hire purchase contracts		-	3,294	-	-
Accruals and deferred income		1,266,988	1,085,066	126,795	212,069
		<u>11,149,195</u>	<u>13,082,631</u>	<u>211,892</u>	<u>338,150</u>

## 20. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Bank loans	24	3,000,000	2,560,057	-	-
Due to Group undertakings		-	-	6,690,585	5,383,066
Government grants		243,357	150,536	142,023	150,536
Other creditors		560	560	-	-
		<u>3,243,917</u>	<u>2,711,153</u>	<u>6,832,608</u>	<u>5,533,602</u>
Obligations under finance leases are repayable as follows:					
Within one year		-	3,294	-	-

Amounts due to Group undertakings have no fixed repayment date and are interest free.

A variable interest rate is charged on the bank loans at normal commercial rate. Bank loans are secured on investment property and certain freehold property.

Obligations under finance leases and hire purchase contracts are secured by the related assets, bear interest at normal commercial rates and are wholly repayable within five years.



## 21. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Provision for deferred taxation</b>				
Accelerated/(decelerated) capital allowances	59,402	119,809	(29,488)	-
Trading losses carried forward	(371,364)	(50,815)	-	-
Other timing differences	836,794	816,829	656,830	640,000
	<u>524,832</u>	<u>885,823</u>	<u>627,342</u>	<u>640,000</u>
Provision at start of year	885,823	803,127	640,000	596,000
Deferred tax credit for the year	(362,851)	56,696	(14,518)	18,000
Deferred tax movement in other comprehensive income	1,860	26,000	1,860	26,000
Provision at end of year	<u>524,832</u>	<u>885,823</u>	<u>627,342</u>	<u>640,000</u>

## 22. SHARE CAPITAL

	2020	2019
	£	£
<b>Authorised:-</b>		
Ordinary shares of £1 each	<u>1,030,000</u>	<u>1,030,000</u>
<b>Allotted, called up and fully paid:-</b>		
Ordinary shares of £1 each	<u>1,029,408</u>	<u>1,029,408</u>

## 23. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital expenditure contracted for but not provided in the financial statements	<u>-</u>	<u>-</u>

## 24. BANK LOANS, OVERDRAFTS AND OTHER LOANS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdraft	<u>3,961,101</u>	<u>6,158,852</u>	<u>-</u>	<u>-</u>

The bank overdrafts of subsidiaries of £961,101 and loans of £3,000,000 (2019: £2,483,850 and £3,675,002) have been advanced under the Group's banking facilities and are secured by a fixed charge over the freehold property of Group companies. They bear interest at normal commercial rates. The bank overdrafts are repayable on demand and the bank loans are due to mature in 2023.

Under existing Group banking arrangements, to the extent that the bank overdrafts of subsidiaries discontinuing their activities cannot be repaid out of the net proceeds of asset realisations, any remaining liability will be assumed by other Group undertakings.

## 25. CONTINGENT LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Maximum in respect of bills and guarantees	6,266,197	4,015,264	-	-
Maximum in respect of borrowing by subsidiaries	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>7,266,197</u>	<u>5,015,264</u>	<u>-</u>	<u>-</u>

In addition to the above the Group has also granted a guarantee of up to £6.34m and pledged freehold property to the value of £2m to the Group Defined Benefit Pension Scheme Trustees to cover any potential deficit.

No actual liability is expected to arise in respect of the above arrangements.

## 26. OPERATING LEASE COMMITMENTS

At 31 December 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
<b>Land and buildings</b>		
No later than one year	176,017	169,994
Later than one year and not later than five years	108,359	254,196
Later than five years	-	-
	<u>284,375</u>	<u>424,189</u>
<b>Other</b>		
No later than one year	13,359	14,778
Later than one year and not later than five years	7,520	11,815
Later than five years	-	980
	<u>20,879</u>	<u>27,573</u>

The Company has operating lease commitments for land and buildings of £17,438 (2019: £17,438) due within one year and £1,453 (2019: £18,891) due after one year.

## 27. PENSION COMMITMENTS AND OTHER POST-EMPLOYMENT BENEFITS

### Defined Benefit Pension Scheme

The Group operates a defined benefit scheme, the assets of which are held in a separate fund administered by Trustees. This scheme was closed to future accrual in 2007.

A full actuarial valuation was carried out at 31 December 2017 and projected forward to 31 December 2020 by a qualified independent actuary.

<b>Amounts recognised in the balance sheet (Group and Company)</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Present value of funded obligations	37,050	35,886
Fair value of plan assets	40,507	39,654
Funded status - asset	<u>3,457</u>	<u>3,768</u>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Total cost recognised as an expense</b>		
Current service cost	-	-
Interest cost	690	916
Expected return on plan assets	(765)	(1,023)
Total pension (income)/cost recognised in the profit and loss account	<u>(75)</u>	<u>(107)</u>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	35,886	34,061
Current service cost	-	-
Interest cost	690	916
Actuarial losses/(gains)	3,282	2,938
Effects of experience adjustments	(7)	-
Benefits paid	(2,801)	(2,029)
Benefit obligation at end of year	<u>37,050</u>	<u>35,886</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	39,654	37,567
Expected return on plan assets	765	1,023
Actuarial gains	2,889	3,093
Employer contributions	-	-
Administrative expenses	-	-
Benefits paid	(2,801)	(2,029)
Fair value of plan assets at end of year	<u>40,507</u>	<u>39,654</u>

## 27. PENSION COMMITMENTS AND OTHER POST-EMPLOYMENT BENEFITS (continued)

	2020 £'000	2019 £'000
The fair value of planned assets was:		
Equity instruments	9,743	9,834
Gilts and bonds	3,682	2,308
High yield / absolute return / UK Credit	18,277	16,799
LDI investments	8,417	10,555
Cash	388	258
	<b>40,507</b>	<b>39,654</b>
	2020 %	2019 %
Discount rate	1.30%	2.00%
Rate of deferred pension increase	2.10%	2.15%
Pensions-in-payment increase rate	2.90%	2.95%
Rate of RPI price inflation	3.00%	3.05%
The mortality assumptions used were as follows:	2020 Years	2019 Years
Life expectancy for a male pensioner from aged 65	21.8	21.8
Life expectancy for a female pensioner from aged 65	24.0	23.9
Life expectancy for a male executive pensioner from aged 65	23.6	23.5
Life expectancy for a female executive pensioner from aged 65	25.1	25.0
Life expectancy from aged 65 and for a male non – pensioner currently aged 40	23.5	23.4
Life expectancy from aged 65 and for a female non – pensioner currently aged 40	26.2	26.1

### Defined Contribution Pension Scheme

Certain employees are members of the Group's defined contribution pension scheme. The funds are held separately and are invested in units managed by an investment manager.

The pension cost charged to the profit and loss account represents contributions payable by the Company to the fund and amounted to £399,757 (2019: £417,734) in the year.

## 28. RELATED PARTY TRANSACTIONS

The group has taken the exemption under section 33 of FRS 102 to not disclose transactions or balances with other qualifying group companies.

All related party transactions with key members of management personnel, including the directors, during the period were on an arms-length basis.

A close family member of the director (K G Clark) of a subsidiary company (Rozone Limited) was employed by that company during the period. The employee was remunerated by Rozone Limited on an arms-length basis.

## 29. FINANCIAL RISK MANAGEMENT

The Group has exposures to four main areas of risk - liquidity risk, customer credit exposure, interest rate risk and exchange rate risk.

### *Liquidity risk*

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available. Given the maturity of the bank loan in notes 19 and 20, the Group believes that it is in a position to meet its commitments and obligations as they fall due.

### *Customer credit exposure*

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by strong on-going customer relationships and thorough credit control procedures.

### *Interest rate risk*

The Group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the financing and management's view of the future direction of interest rate.

### *Exchange rate risk*

The Group is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are assessed and hedging is considered where the risks facing the Group are outside acceptable limits.

Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement.

### 30. FINANCIAL INSTRUMENTS

The capital structure of the Group and Company includes borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and retained earnings as disclosed in the Statement of Changes in Equity.

#### Categories of financial instruments

Financial assets / (liabilities) at amortised cost:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Cash and bank balances	6,645,405	4,523,628	4,387,253	3,777,853
Trade debtors and other receivables (note 18)	3,094,440	4,640,240	269,308	283,740
Amounts owed by/(to) Group undertakings:				
Inter-company loan receivables (note 18)	-	-	966,952	-
Inter company loans repayable (notes 19 and 20)	-	-	(6,229,986)	(5,401,009)
Trade creditors and other payables (note 19)	(8,114,623)	(7,856,298)	(44,735)	(95,832)
Bank overdraft and loan (notes 19 and 20)	(4,818,436)	(6,158,852)	-	-
Obligations under finance leases and hire purchase contracts (notes 19 and 20)	-	(3,294)	-	-
	<u>(3,193,214)</u>	<u>(4,854,576)</u>	<u>(651,208)</u>	<u>(1,435,248)</u>