

Registration number: 961458

Aalberts Surface Technologies Limited

(Formerly known as Aalberts Surface Treatment Limited)

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2019

Holmes Peat Thorpe
Basepoint Business & Innovation Centre
110 Butterfield
Great Marlings
LUTON
Bedfordshire
LU2 8DL



Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

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**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Company Information

Director	P T Brown
Company secretary	D Coughlan
Registered office	Field Industrial Estate Clover Street Kirkby-in-Ashfield Nottingham NG17 7LJ
Accountants	Holmes Peat Thorpe Basepoint Business & Innovation Centre 110 Butterfield Great Marlings LUTON Bedfordshire LU2 8DL

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Strategic Report for the Year Ended 31 December 2019

The strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the provision of specialist surface engineering and metal finishing services.

Fair review of the business

The company is a wholly owned subsidiary of Aalberts N.V., a Netherlands based manufacturing group. Responsibility for day to day management of the business rests with the site senior management team, with support provided by Group personnel as required.

Revenue in 2019 was significantly up on 2018 (21%) due to an increase in revenue of circa £780k from the top 20 active accounts, all of which are operating in the Aerospace and Defence sectors. This continues to be an area of growth opportunity for the business. Overall, the business benefitted from the maintenance of key accreditations and its continued focus in these markets.

In general, costs were well controlled and in line with revenue. Personnel Costs in particular improved in the year from 51% of Added Value in 2018 to 47% in 2019. This despite implementation of 'higher than inflation' pay increases.

The end result is considered to be excellent at a local level and higher than target for the Aalberts group. EBIT increased from £594k (13%) in 2018 to £1,006k (18.5%).

Regrettably, the current situation with regard to Brexit is beyond the control of the company and certainly a 'no deal' Brexit could impact on operations and the ability to provide services as a proportion of the business comes from overseas customers (>30%).

With that in mind, Aalberts Surface Treatment Limited, over the past 18 months have been working with a specialist customs consultant to focus on Brexit preparations including reviewing our internal administration systems and, specifically, extending training and knowledge on customs procedures to all key staff in our business. Additionally, we have a well-established administration and shipping procedure using a specialist forwarding agent based in the UK. Reviewing our established procedures with our agents, we are satisfied that we have systems in place that will avoid unnecessary delays through customs following the so called transition period. As and when necessary, our shipping agents and customs consultants will be on hand to provide support and training to assist with any complications associated with the transition.

No dividends have been declared or paid in respect of the year under review, as profits are being retained in the business to assist further growth. As a result the net assets of the company increased from £6,643k to £7,841k.

A fellow subsidiary company, Aalberts Surface Treatment Tamworth Limited announced on 25 July 2019 that it planned to relocate to Nottingham and merge with Aalberts Surface Treatment Limited. This was delayed due to a slowdown in the local property market but it is still planned to go ahead at the earliest opportunity. It is anticipated that the planned merger with Aalberts Surface Treatment Tamworth Limited will not have any detrimental effect on the future developments of the company.

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

The management of the business and the development of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below:

Uncertainty in global financial and industrial markets

Although the company is heavily focussed on the support of UK manufacturers, the trends and movements in global manufacturing will impact on the opportunities for growth. A high proportion of the aerospace products manufactured in the UK are for worldwide markets hence any negative political or financial movements could impact on demand and reduce growth forecasts.

Process approvals

Obtaining new and retaining existing process approvals will be essential to enable the company to target the growth sectors of the UK manufacturing market and improve the company's profitability. Failure to obtain new or retain existing process approvals will adversely affect the company's ability to increase turnover and market share and overall profitability.

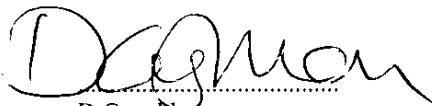
Employees

The company's performance depends to a significant degree on the senior management team and the experienced workforce. The resignation of key individuals and the inability to recruit people with appropriate experience and skills could adversely impact the company's results.

Disaster recovery

The company's main IT systems are managed and controlled by an Aalberts group company located in Germany. Data is backed-up on servers at that location and also on to local servers thereby providing the ability to recover data in the event of a failure in the group IT systems.

Approved by the director on 22 February 2021 and signed on its behalf by:


D Coughlan
Company secretary

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Director's Report for the Year Ended 31 December 2019

The report and the financial statements for the year ended 31 December 2019.

Directors of the company

The directors who held office during the year were as follows:

Dr H W Sauer - Director (resigned 14 January 2019)

P T Brown

Objectives and policies

The overriding objective of the company is to maximise the growth in operating profit before non-recurring items and goodwill. The main strategies that have been adopted to improve the operating performance of the company can be summarised as follows:

- Develop the market share in the UK by targeting specific customer groups and market sectors through processing initiatives.
- Identification of new processes and services that can be introduced to exploit market opportunities and efficiencies.
- Operation of a sustainable investment programme for modern, energy efficient equipment to improve the quality of the service offered to customers with a concurrent reduction in operating costs and emissions.
- Improve the efficiency & effectiveness of all operations by implementation of various 'Operational Excellence' projects.

Price risk, credit risk, liquidity risk and cash flow risk

The company's operations expose it to a variety of financial risks but these are primarily limited to credit risk, liquidity risk, price risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on its financial performance. The policies set by the directors are implemented by the company's management team.

Credit risk

The company has implemented policies that require appropriate credit checks to be conducted on potential customers prior to the acceptance of orders and the recognition of sales. The amount of exposure to any individual customer is subject to a limit determined by the company and this is reassessed on an annual basis.

Liquidity risk

The company works with its ultimate parent company, Aalberts N.V. to maintain a mixture of long-term and short-term debt finance to ensure that the company has sufficient available funds for its day to day and planned activities.

Price risk

The company operates within a mature market where prices do not significantly fluctuate and puts in place price agreements with key customers to reduce pricing risk.

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Director's Report for the Year Ended 31 December 2019

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economical performance of the company.

Going concern

The financial statements have been prepared on the going concern basis as explained in note 2 Accounting policies.

Change of company name

The company changed its name from Aalberts Surface Treatment Limited to Aalberts Surface Technologies Limited effective from 4 January 2021.

Future developments

The company continues to focus on the key sectors of Aerospace and Defence products where there is a continuing forecast for strong growth. Demand in other prime sectors, such as automotive, are variable with UK manufacturing trends and the worldwide economic situation, overall prospects continue to offer potential for longer term growth.

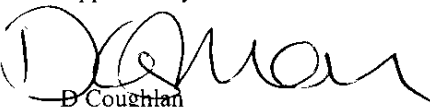
This is a highly competitive sector and the company's focus on the provision of high quality processes and services, with a key priority on developing customer relationships and supporting new contract developments continues to underwrite its strong financial position.

The specialised services provided by the company attract an increasing volume of business and new opportunities from overseas. This is expected to continue beyond Brexit but will no doubt be affected by the lack of a trade deal and the imposition of duty, taxes and other administrative charges.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

Approved by the director on 22 February 2021 and signed on its behalf by:


D Coughlan
Company secretary

**Chartered Accountants' Report to the Director on the Preparation of the Unaudited
Statutory Accounts of
Aalberts Surface Technologies Limited
for the Year Ended 31 December 2019**

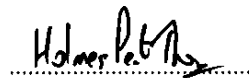
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Aalberts Surface Technologies Limited for the year ended 31 December 2019 as set out on pages 7 to 20 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/regulation>.

This report is made solely to the Board of Directors of Aalberts Surface Technologies Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Aalberts Surface Technologies Limited and state those matters that we have agreed to state to the Board of Directors of Aalberts Surface Technologies Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aalberts Surface Technologies Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Aalberts Surface Technologies Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Aalberts Surface Technologies Limited. You consider that Aalberts Surface Technologies Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Aalberts Surface Technologies Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



Holmes Peat Thorpe
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22 February 2021

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	5,436,165	4,490,428
Cost of sales		<u>(3,107,478)</u>	<u>(2,623,453)</u>
Gross profit		2,328,687	1,866,975
Administrative expenses		<u>(1,366,165)</u>	<u>(1,265,444)</u>
Operating profit	4	962,522	601,531
Other interest receivable and similar income	5	<u>63,109</u>	<u>44,510</u>
Profit before tax		1,025,631	646,041
Tax on profit	9	<u>(71,696)</u>	<u>55,140</u>
Profit for the financial year		<u><u>953,935</u></u>	<u><u>701,181</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 20 form an integral part of these financial statements.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	£	£
Profit for the year	953,935	701,181
Surplus/(deficit) on property, plant and equipment revaluation	-	1,323,075
Total comprehensive income for the year	<u>953,935</u>	<u>2,024,256</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

(Registration number: 961458)
Balance Sheet as at 31 December 2019

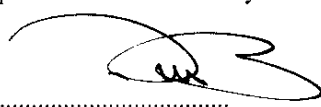
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	3,823,539	3,767,182
Current assets			
Stocks	11	108,098	150,878
Debtors	12	5,768,108	4,629,139
Cash at bank and in hand		<u>750</u>	<u>750</u>
		5,876,956	4,780,767
Creditors: Amounts falling due within one year	14	<u>(705,531)</u>	<u>(515,779)</u>
Net current assets		<u>5,171,425</u>	<u>4,264,988</u>
Total assets less current liabilities		8,994,964	8,032,170
Provisions for liabilities	15	<u>(516,346)</u>	<u>(507,487)</u>
Net assets		<u>8,478,618</u>	<u>7,524,683</u>
Capital and reserves			
Called up share capital		514,000	514,000
Share premium reserve	18	26,000	26,000
Revaluation reserve	18	1,368,576	1,368,576
Profit and loss account	18	<u>6,570,042</u>	<u>5,616,107</u>
Shareholders' funds		<u>8,478,618</u>	<u>7,524,683</u>

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the director on 22 February 2021



P T Brown
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

Aalberts Surface Technologies Limited
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Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2019	514,000	26,000	1,368,576	5,616,107	7,524,683
Profit for the year	-	-	-	953,935	953,935
Total comprehensive income	-	-	-	953,935	953,935
At 31 December 2019	514,000	26,000	1,368,576	6,570,042	8,478,618

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2018	514,000	26,000	45,501	4,914,926	5,500,427
Profit for the year	-	-	-	701,181	701,181
Other comprehensive income	-	-	1,323,075	-	1,323,075
Total comprehensive income	-	-	1,323,075	701,181	2,024,256
At 31 December 2018	514,000	26,000	1,368,576	5,616,107	7,524,683

The notes on pages 11 to 20 form an integral part of these financial statements.
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**Aalberts Surface Technologies Limited
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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England.

These financial statements were authorised for issue by the director on 22 February 2021.

The address of its registered office is:

Field Industrial Estate
Clover Street
Kirkby-in-Ashfield
Nottingham
NG17 7LJ

On 4 January 2019 the company changed its name from Acorn Surface Technology Limited to Aalberts Surface Treatment Limited.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared on the going concern basis under the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

Revenue recognition

Turnover is the amount derived from ordinary activities and represents the value of goods and services provided to customers, net of trade discounts, credits and taxes; and is recognised when the goods are despatched to customers or the services are completed.

Foreign currency transactions and balances

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Tax

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

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 taxable income.

Aalberts Surface Technologies Limited
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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Tangible assets

The cost of tangible fixed assets is their purchase cost, together with any directly attributable incidental expenses of acquisition of a capital nature.

Depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets on a straight line basis over their expected useful lives, other than assets in the course of construction that are not depreciated until they are brought into use, which are as follows:

Asset class	Depreciation method and rate
Short leasehold buildings	unexpired period of lease
Plant and machinery	10% to 50% per annum
Motor vehicles	25% per annum

Investments

Investments are valued at cost unless in the opinion of the directors there is an impairment in the value of the investment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Trade creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Aalberts U.K. Limited and is included in the consolidated financial statements of Aalberts N.V., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS102 s3.3.6 and from disclosing related party transactions with entities that are part of, or investees in, the Aalberts Group as it is a wholly owned subsidiary company.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

3 Revenue

Turnover is generated from the one class of business and is analysed by countries of destination as follows:

Country	2019	2018
	£'000	£'000
United Kingdom	3,197	2,797
Norway	899	732
Central and South America	262	175
Poland	248	121
France	245	225
Austria	214	81
Switzerland	82	78
Spain	65	68
The Netherlands	57	78
Other Eastern European	54	62
Other Southern European	47	40
Other European	33	19
Asia	20	6
United States of America	10	7
Africa	5	1
Total	<u>5,438</u>	<u>4,490</u>

4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	194,899	195,288
Operating lease expense - plant and machinery	<u>23,587</u>	<u>21,890</u>

5 Other interest receivable and similar income

	2019	2018
	£	£
Interest income on bank deposits	<u>63,109</u>	<u>44,510</u>

Aalberts Surface Technologies Limited
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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	1,918,786	1,754,449
Social security costs	158,740	156,489
Other short-term employee benefits	36,011	33,281
Pension costs, defined contribution scheme	128,421	125,354
	<u>2,241,958</u>	<u>2,069,573</u>

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Production	78	63
Administration and support	5	15
	<u>83</u>	<u>78</u>

7 Director's remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	105,400	157,918
Sums paid to third parties for directors' services	21,803	38,849
	<u>127,203</u>	<u>196,767</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

8 Auditors' remuneration

	2019	2018
	£	£
Auditors remuneration including portion of Group auditors fees	<u>16,728</u>	<u>14,541</u>

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

9 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	62,838	(58,094)
Deferred taxation		
Arising from origination and reversal of timing differences	8,069	2,954
Arising from changes in tax rates and laws	789	-
Total deferred taxation	8,858	2,954
Tax expense/(receipt) in the income statement	71,696	(55,140)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	1,025,631	646,041
Corporation tax at standard rate	194,870	122,748
Decrease from effect of different UK tax rates on some earnings	(995)	(403)
Effect of expense not deductible in determining taxable profit (tax loss)	10,820	7,160
Increase/(decrease) in UK and foreign current tax from adjustment for prior periods	789	(58,625)
Tax decrease arising from group relief	(133,833)	(126,151)
Other tax effects for reconciliation between accounting profit and tax expense (income)	45	131
Total tax charge/(credit)	71,696	(55,140)

The company's profits for the accounting period and prior year are taxed at an effective rate of 19%.

Provision for deferred taxation arising on the revaluation of fixed assets is provided at the rate described above and charged against the revaluation reserve.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

10 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2019	2,700,000	2,156,237	4,856,237
Additions	<u>-</u>	<u>251,256</u>	<u>251,256</u>
At 31 December 2019	<u>2,700,000</u>	<u>2,407,493</u>	<u>5,107,493</u>
Depreciation			
At 1 January 2019	-	1,089,055	1,089,055
Charge for the year	<u>26,445</u>	<u>168,454</u>	<u>194,899</u>
At 31 December 2019	<u>26,445</u>	<u>1,257,509</u>	<u>1,283,954</u>
Carrying amount			
At 31 December 2019	<u>2,673,555</u>	<u>1,149,984</u>	<u>3,823,539</u>
At 31 December 2018	<u>2,700,000</u>	<u>1,067,182</u>	<u>3,767,182</u>

Revaluation

The fair value of the company's land and buildings was revalued on 31 December 2018 by an independent valuer at £2,780,000 by Richard D. Calder BSc. FRICS, RICS Registered Valuer, based upon the current market value in its present condition with vacant possession on 7 October 2019.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,317,154 (2018 - £1,317,154).

11 Stocks

	2019 £	2018 £
Stores	<u>108,098</u>	<u>150,878</u>

12 Debtors

	Note	2019 £	2018 £
Trade debtors		712,434	889,399
Amounts owed by related parties		4,781,480	3,447,032
Other debtors		241,270	147,123
Prepayments		32,924	36,531
Corporation tax recoverable	9	<u>-</u>	<u>109,054</u>
Total current trade and other debtors		<u>5,768,108</u>	<u>4,629,139</u>

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

13 Cash and cash equivalents

	2019 £	2018 £
Cash on hand	<u>750</u>	<u>750</u>

14 Creditors

	Note	2019 £	2018 £
Due within one year			
Trade creditors		496,420	258,063
Amounts due to related parties		-	82,306
Social security and other taxes		35,320	34,277
Outstanding defined contribution pension costs		12,825	-
Other payables		148,407	10,479
Accrued expenses		148	130,654
Corporation tax	9	<u>12,411</u>	<u>-</u>
		<u>705,531</u>	<u>515,779</u>

15 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2019	507,488	507,488
Additional provisions	8,069	8,069
Increase (decrease) in prior year provisions	<u>789</u>	<u>789</u>
At 31 December 2019	<u>516,346</u>	<u>516,346</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £128,421 (2018 - £125,354).

Contributions totalling £12,825 (2018 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

**Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)**

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

17 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	<u>514,000</u>	<u>514,000</u>	<u>514,000</u>	<u>514,000</u>

18 Reserves

Share premium reserve

Premium of £26,000 paid on purchase of £514,000 shares

Revaluation reserve

Net surplus arising on revaluation of business properties

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Revaluation reserve £	Total £
Surplus/(deficit) on property, plant and equipment revaluation	<u>1,323,075</u>	<u>1,323,075</u>

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	4,779	21,166
Later than one year and not later than five years	19,550	27,743
	<u>24,329</u>	<u>48,909</u>

20 Commitments

Other financial commitments

The company is a member of a cash pooling arrangement, maintained by BNP Paribas, with other selected Aalberts Group companies incorporated in the U.K. This arrangement requires that each company party to the agreement provides a limited guarantee covering any default on the repayment or overdraft facilities by any other member of the group. The maximum agreed facility on the arrangement is £25,000,000 of which £8,000,000 is allocated for use by Hauck Heat Treatment Limited but with the option to use other Aalberts Group members allocations as necessary so long as the pool remains within the £25,000,000 arrangement. The directors consider the likelihood of this being called upon is remote.

21 Parent and ultimate parent undertaking

The company's immediate parent is Aalberts UK Ltd (company number 03596780), incorporated in England.

The ultimate parent is Aalberts N.V. (registration number 30089954), incorporated in the Netherlands.

These financial statements are available upon request from Company Secretary at Aalberts N.V.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Detailed Profit and Loss Account for the Year Ended 31 December 2019

	2019 £	2018 £
Turnover (analysed below)	5,436,165	4,490,428
Cost of sales (analysed below)	<u>(3,107,478)</u>	<u>(2,623,453)</u>
Gross profit	<u>2,328,687</u>	<u>1,866,975</u>
Gross profit (%)	42.84%	41.58%
Administrative expenses		
Employment costs (analysed below)	(657,430)	(722,841)
Establishment costs (analysed below)	(114,143)	(107,924)
General administrative expenses (analysed below)	(547,726)	(439,573)
Finance charges (analysed below)	<u>(46,866)</u>	<u>4,894</u>
	<u>(1,366,165)</u>	<u>(1,265,444)</u>
Operating profit	962,522	601,531
Other interest receivable and similar income (analysed below)	<u>63,109</u>	<u>44,510</u>
Profit before tax	<u><u>1,025,631</u></u>	<u><u>646,041</u></u>

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Detailed Profit and Loss Account for the Year Ended 31 December 2019

	2019 £	2018 £
Turnover		
Sale of goods, UK	<u>5,436,165</u>	<u>4,490,428</u>
Cost of sales		
Opening raw materials	(150,879)	-
Materials	(292,444)	(239,849)
Closing raw materials	108,098	-
Wages and salaries (excluding directors)	(1,365,579)	(1,156,768)
Staff NIC (Employers)	(100,726)	(88,388)
Staff pensions (Defined contribution)	(82,212)	(72,968)
Subcontract cost	(476,657)	(343,196)
Staff training	(11,155)	(5,224)
Freight and carriage	(21,095)	(17,410)
Lease of motor vehicles (Operating leases)	(3,828)	(21,890)
Courier services	-	(698)
Sundry expenses	-	(11,496)
Water rates	(38,521)	(29,361)
Light, heat and power	(255,886)	(223,136)
Repairs and maintenance	(93,130)	(146,927)
Plant repairs	-	(24,791)
Building repairs	(62,716)	(17,455)
Waste disposal	(29,838)	-
Depreciation of freehold property	(26,445)	(37,688)
Depreciation of plant and machinery	(168,454)	(157,600)
Private health insurance	(36,011)	(28,070)
Staff bonuses	-	(538)
	<u>(3,107,478)</u>	<u>(2,623,453)</u>
Employment costs		
Wages and salaries (excluding directors)	(553,207)	(597,143)
Staff NIC (Employers)	(58,014)	(68,101)
Staff pensions (Defined contribution)	(46,209)	(52,386)
Private health insurance	-	(5,211)
	<u>(657,430)</u>	<u>(722,841)</u>
Establishment costs		
Rates	(46,161)	(47,866)
Insurance	(67,982)	(60,058)
	<u>(114,143)</u>	<u>(107,924)</u>

This page does not form part of the statutory financial statements.

Aalberts Surface Technologies Limited
(formerly Aalberts Surface Treatment Limited)

Detailed Profit and Loss Account for the Year Ended 31 December 2019

	2019 £	2018 £
General administrative expenses		
Telephone and fax	(7,747)	(9,626)
Computer software and maintenance costs	(44,837)	(37,599)
Printing, postage and stationery	(2,383)	(14,444)
Trade subscriptions	(3,664)	(3,769)
Charitable donations	(50)	(463)
Lease of motor vehicles (Operating leases)	(19,759)	-
Sundry expenses	(20,546)	(6,018)
Motor expenses	(1,084)	(16,576)
Travel and subsistence	(12,493)	(8,095)
Advertising	(4,801)	(11,071)
Customer entertaining (disallowable for tax)	(11,048)	(3,235)
Auditor's remuneration - The audit of the company's annual accounts	(16,728)	(14,541)
Management fees	(333,550)	(231,398)
Legal and professional fees	(72,786)	(80,825)
Bad debts written off	3,750	(1,913)
	<u>(547,726)</u>	<u>(439,573)</u>
Finance charges		
Bank charges	(2,611)	(2,242)
Foreign currency (gains)/losses	(44,255)	7,136
	<u>(46,866)</u>	<u>4,894</u>
Other interest receivable and similar income		
Bank interest receivable	<u>63,109</u>	<u>44,510</u>