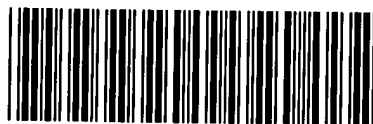


Company Registration No. 01163485 (England and Wales)

**MONODRAUGHT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# MONODRAUGHT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	N J Hopper A J McCubbin
<b>Company number</b>	01163485
<b>Registered office</b>	Halifax House Cressex Business Park High Wycombe Buckinghamshire United Kingdom HP12 3SE
<b>Auditor</b>	Haines Watts Suite G02 Aston Court Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire United Kingdom HP11 1JU
<b>Business address</b>	Halifax House Cressex Business Park High Wycombe Buckinghamshire United Kingdom HP12 3SE

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# **MONODRAUGHT LIMITED**

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# MONODRAUGHT LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Principal activities

The principal activity of the company is that of development, design, sales, production, installation and maintenance of sustainable ventilation, cooling, heating and lighting solutions which minimise our customers carbon footprint.

#### Review of the business

The financial year 2020 was uniquely challenging requiring the company to demonstrate both dynamism and resilience. As the country entered shut down due to COVID-19 and the global pandemic disrupted supply chains, the company continued to serve its customers, maintaining supply throughout. Despite the market difficulties, the company resolved to continue to focus on its strategy to build market share through continuing investment in both people, marketing and new product research and development. These goals were achieved and in testament to the exceptional commitment of employees, a successful financial year was delivered with growth in both turnover and PAT.

The company's continued intent is to maintain its market leadership position in the education market whilst building its presence in other sectors, particularly commercial office and healthcare. Significant investments in R&D are continuing to be made, expanding the product portfolio during the financial year and enabling expansion into the targeted sectors.

The company has many well established, high quality customers and believe that, in spite of near term difficulties from both COVID-19 and BREXIT, positive underlying market drivers including the climate change challenge and regulatory responses are supporting the future growth prospects of the business.

#### Performance

COVID-19 and the uncertainties surrounding BREXIT presented the company with unprecedented challenges which were successfully navigated demonstrating the inherent resilience of the business. The year's continued performance of strong, consistent organic growth aligned with the strategy of bringing new low carbon hybrid ventilation and mechanical cooling products to market enabled the pipeline and order book to again reach record levels. Whilst the company experienced a slowdown in the early stages of the national lockdown, as construction customers reappraised their working practices, sales rebounded strongly in the second half of the year. Overall demand for the company's products continued to grow over prior year resulting in a turnover increase of 8% and a profit after taxation increase of 4.7%.

#### People

The health, safety and wellbeing of our employees is paramount. As the COVID-19 crisis evolved the company acted early to ensure that all employees who were able to move to remote working were enabled to do so. Production and installation remained fully operational throughout the entire year and all safety guidelines issued by the government were taken as minimum compliance and to be exceeded wherever feasible.

We are proud of our employees and their efforts to produce high quality products and services that reflect our brand image. In order to ensure the company has the necessary skills to perform in the future, significant investments continue to be made in employee development and recruitment.

# MONODRAUGHT LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### Principal risks and uncertainties

#### Financial risk management and policies

The company utilises borrowing, and the directors regularly review the exposure to interest risk in this respect. Liquidity risk is managed through forecasting future cash flow requirements and generating sufficient cash flows from operational activities to meet the day-to-day cash requirements as well as funding the repayment of the company's long term borrowings.

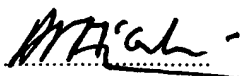
#### Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods and services. The company 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 robust credit control processes, client acceptance procedures and close management of on-going customer relationships.

#### Outlook

Market conditions are expected to remain challenging but the company is optimistic about maintaining its growth trajectory. Our business performance is strong and we believe this will continue in the coming year. Raw material cost increases and supply shortages, as a result of global supply chain pressures, are impacting the business and are expected to continue throughout 2021. Immediate and longer term mitigating actions are being taken where necessary. These uncertainties are included in our planning and decision making and we remain confident that we will continue to deliver excellent products and services to our customers.

On behalf of the board



A J McCubbin

Director

8/7/21

# MONODRAUGHT LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Directors

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

N J Hopper  
A J McCubbin

#### Results and dividends

The results for the year are set out on page 9.

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

#### Qualifying third party indemnity provisions

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

#### Auditor

Haines Watts were appointed as auditor to the company in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor in the company is aware of that information.

On behalf of the board



A J McCubbin

Director

Date: 08th July 2021

# **MONODRAUGHT LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland') 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# MONODRAUGHT LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MONODRAUGHT LIMITED

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#### Opinion

We have audited the financial statements of Monodraught Limited (the 'company') for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed on the accounting policies note 1.2.

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **MONODRAUGHT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF MONODRAUGHT LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

# **MONODRAUGHT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MONODRAUGHT LIMITED**

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

During the audit we identify and assess the risk of material misstatements of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud and error; and to respond appropriately to those risks.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK GAAP, UK corporate tax laws and the Data Protection Act.
- We obtained an understanding of how the company are complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations.
- We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies and also obtained management representations regarding compliance with applicable laws and regulations.

Audit procedures performed by the audit team included:

- Identifying and assessing the controls management has in place to prevent and detect fraud, including the existence of supervisory controls;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process including the existence of monthly management accounts review process;
- Challenging assumptions and judgements made by management in its significant accounting estimates and judgements, (in particular in relation to amortisation, depreciation, validity of inter-group balances and accruals );
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions. There is always the unavoidable risk that material misstatements in the financial statements may not be detected despite the audit being properly performed in accordance with UK Auditing standards.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

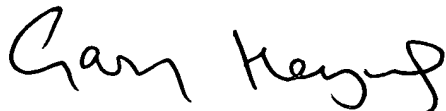
# MONODRAUGHT LIMITED

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

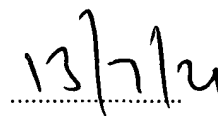
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### Use of our report

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



**Gary A Heywood (Senior Statutory Auditor)**  
**For and on behalf of Haines Watts**  
**Chartered Accountants**  
**Statutory Auditor**



Suite G02 Aston Court  
Kingsmead Business Park  
Frederick Place  
High Wycombe  
Buckinghamshire  
United Kingdom  
HP11 1JU

# MONODRAUGHT LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover		12,220,552	11,333,117
Cost of sales		(7,821,086)	(6,838,864)
<b>Gross profit</b>		<b>4,399,466</b>	<b>4,494,253</b>
Administrative expenses		(4,153,006)	(3,959,101)
Other operating income		214,441	51,785
<b>Operating profit</b>	<b>3</b>	<b>460,901</b>	<b>586,937</b>
Interest payable and similar expenses	<b>7</b>	(43)	(72)
<b>Profit before taxation</b>		<b>460,858</b>	<b>586,865</b>
Tax on profit	<b>8</b>	180,091	25,063
<b>Profit for the financial year</b>		<b>640,949</b>	<b>611,928</b>

Profit for the financial period is all attributable to the owners of the parent company.

There are no recognised gains and losses other than those passing through the profit and loss account.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

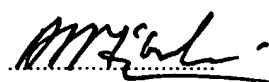
# MONODRAUGHT LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	9	563,019		360,655	
Tangible assets	10	429,087		333,120	
		<u>992,106</u>		<u>693,775</u>	
<b>Current assets</b>					
Stocks	11	943,964		950,456	
Debtors	12	3,149,773		3,230,500	
Cash at bank and in hand		959,853		226,500	
		<u>5,053,590</u>		<u>4,407,456</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,909,478)</u>		<u>(1,884,481)</u>	
<b>Net current assets</b>			3,144,112		2,522,975
<b>Total assets less current liabilities</b>			<u>4,136,218</u>		<u>3,216,750</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(238,630)		-
<b>Provisions for liabilities</b>	16		<u>(140,135)</u>		<u>(100,246)</u>
<b>Net assets</b>			<u><u>3,757,453</u></u>		<u><u>3,116,504</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		3,000		3,000
Profit and loss reserves	20		3,754,453		3,113,504
<b>Total equity</b>			<u><u>3,757,453</u></u>		<u><u>3,116,504</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8/7/21 and are signed on its behalf by:



A J McCubbin  
Director

Company Registration No. 01163485

# MONODRAUGHT LIMITED

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

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	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	3,000	2,501,576	2,504,576
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	611,928	611,928
Balance at 31 December 2019	3,000	3,113,504	3,116,504
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	640,949	640,949
Balance at 31 December 2020	3,000	3,754,453	3,757,453

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# MONODRAUGHT LIMITED

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

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### 1 Accounting policies

#### Company information

Monodraught Limited is a private company limited by shares incorporated in England and Wales. The registered office is Halifax House, Cressex Business Park, High Wycombe, Bucks, United Kingdom, HP12 3SE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption in FRS 102 section 7 from the requirement to produce a cash flow statement on the grounds that it is a member of a group where the parent prepares publicly available consolidated financial statements and its results are included in the consolidation.

The financial statements of the company are consolidated in the financial statements of Monodraught Topco Limited. These consolidated financial statements are available from its registered office, Halifax House, Cressex Business Park, High Wycombe, Buckinghamshire, United Kingdom.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

#### 1.3 Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is recognised on despatch of goods when the amount of revenue can be measured reliably, and when it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Revenue arising from manufacture and installation of products is recognised based on the stage of project completion and in proportion to costs incurred. Upon successful installation and testing of the manufactured system on site, final income is recognised.

# MONODRAUGHT LIMITED

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

### 1 Accounting policies

(Continued)

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The useful economic lives of intangible assets are as follows:

Product certifications & development costs      20% per annum on a straight line basis

#### 1.6 Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, over their expected useful life as follows:

Plant and machinery	20% per annum on a straight line basis.
Fixtures, fittings & equipment	15% - 33% per annum on a straight line basis.
Motor vehicles	25% per annum on a straight line basis.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition. Cost comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### 1.9 Cash at bank and in hand

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

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at fair value which is normally the transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# MONODRAUGHT LIMITED

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

### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities are initially measured 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. Other financial liabilities classified as fair value through profit or loss is measured at fair value.

#### ***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

#### ***Derecognition of financial liabilities***

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

### 1.11 Equity instruments

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

# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.13 Provisions

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

##### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.16 Leases

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

#### 1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

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

#### Provisions

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

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

The directors' judgement is applied when calculating the warranty and dilapidations provisions.

### 3 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	15,117	13,199
Research and development costs	171,628	236,629
Government furlough scheme	(211,773)	-
Depreciation of owned tangible fixed assets	110,880	102,733
Loss on disposal of tangible fixed assets	-	531
Amortisation of intangible fixed assets	105,190	78,105
Operating lease charges	206,581	214,713
	<u>          </u>	<u>          </u>

# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 4 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor:		
<b>For audit services</b>		
Audit of the financial statements of the company	10,600	10,300
Other audit services	1,500	-
	<u>12,100</u>	<u>10,300</u>

#### 5 Employees

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

	2020 Number	2019 Number
Senior management (including directors)	7	7
Administration	48	44
Production	35	31
Total	<u>90</u>	<u>82</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,948,410	3,268,069
Social security costs	319,174	279,670
Pension costs	168,217	158,288
	<u>4,435,801</u>	<u>3,706,027</u>

#### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	251,158	233,987
Company pension contributions to defined contribution schemes	35,965	36,765
	<u>287,123</u>	<u>270,752</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

# MONODRAUGHT LIMITED

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

### 6 Directors' remuneration

(Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	137,287	122,266
Company pension contributions to defined contribution schemes	21,659	22,893

### 7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	43	72

### 8 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(12,384)
Adjustments in respect of prior periods	(214,305)	(36,300)
Total current tax	(214,305)	(48,684)
<b>Deferred tax</b>		
Origination and reversal of timing differences	34,214	23,621
Total tax credit	(180,091)	(25,063)

# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 8 Taxation

(Continued)

The charge for the year can be reconciled to the statement of comprehensive income per the profit and loss account as follows:

	2020 £	2019 £
Profit before taxation	460,858	586,865
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	87,563	111,504
Tax effect of expenses that are not deductible in determining taxable profit	745	5,339
Tax effect of income not taxable in determining taxable profit	(3,680)	-
Tax adjustments in respect of prior years	(214,305)	(36,300)
Deferred tax charge	34,214	23,621
Group relief	(72,769)	-
R&D expenditure	-	(103,959)
R&D claim	-	(12,384)
Patent Box	(11,859)	(12,884)
Taxation credit for the year	(180,091)	(25,063)

#### 9 Intangible fixed assets

	Product certifications & development costs £
<b>Cost</b>	
At 1 January 2020	716,830
Additions	307,554
At 31 December 2020	1,024,384
<b>Amortisation and impairment</b>	
At 1 January 2020	356,175
Amortisation charged for the year	105,190
At 31 December 2020	461,365
<b>Carrying amount</b>	
At 31 December 2020	563,019
At 31 December 2019	360,655

# MONODRAUGHT LIMITED

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

### 10 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	676,717	971,692	58,681	1,707,090
Additions	148,096	39,962	18,789	206,847
At 31 December 2020	824,813	1,011,654	77,470	1,913,937
<b>Depreciation and impairment</b>				
At 1 January 2020	561,571	789,485	22,914	1,373,970
Depreciation charged in the year	40,326	51,996	18,558	110,880
At 31 December 2020	601,897	841,481	41,472	1,484,850
<b>Carrying amount</b>				
At 31 December 2020	222,916	170,173	35,998	429,087
At 31 December 2019	115,146	182,207	35,767	333,120

### 11 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	943,964	950,456

### 12 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,053,348	2,455,271
Corporation tax recoverable	-	48,684
Amounts owed by group undertakings	143,968	-
Other debtors	563,685	502,808
Prepayments	388,772	223,737
	3,149,773	3,230,500



# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Notes	2020 £	2019 £
Bank loans	15	11,370	-
Trade creditors		927,972	988,802
Taxation and social security		557,259	331,762
Amounts owed to group undertakings		-	116,876
Accruals		412,877	447,041
		<u>1,909,478</u>	<u>1,884,481</u>

### 14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	15	<u>238,630</u>	<u>-</u>

### 15 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>250,000</u>	<u>-</u>
Payable within one year	11,370	-
Payable within 2-5 years	198,468	-
Payable more than 5 years	<u>40,162</u>	<u>-</u>

Bank loans of £250,000 relate to a Coronavirus Business Interruption Loan. No repayments are due for the first 12 months and the loans are interest-free for the company for this period, as the UK Government is covering the interest for this time.

# MONODRAUGHT LIMITED

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

### 16 Provisions for liabilities

	Notes	2020 £	2019 £
Other provisions		100,063	94,388
Deferred tax liabilities	17	40,072	5,858
		<u>140,135</u>	<u>100,246</u>

Other provisions are represented by a warranty provision of £70,063 (2019: £64,388) and a dilapidation provision of £30,000 (2019: £30,000). The closing warranty provision of £70,063 (2019: £64,388) is after provision utilisation in the year of £2,235 (2019: £7,260) and a current year charge of £7,910 (2019: £11,506). The warranty provision is expected to be utilised within four years. The dilapidation provision is expected to be utilised within five years.

### 17 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	<u>40,072</u>	<u>5,858</u>
<b>Movements in the year:</b>		2020 £
Liability at 1 January 2020		5,858
Charge to profit or loss		34,214
Liability at 31 December 2020		<u>40,072</u>

### 18 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>168,217</u>	<u>158,288</u>

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

# MONODRAUGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Share capital

	2020	2019
	£	£
Ordinary share capital Issued and fully paid 3,000 Ordinary shares of £1 each	3,000	3,000

### 20 Profit and loss reserves

#### Retained earnings

Profit and loss account - includes all current and prior period retained profits and losses.

### 21 Operating lease commitments

#### Lessee

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

	2020	2019
	£	£
Within one year	254,307	263,965
Between two and five years	636,456	846,734
	890,763	1,110,699

### 22 Ultimate controlling party

The company's parent undertaking is Monodraught Holdings Limited a company registered in England and Wales.

The ultimate controlling party is Monodraught Topco Limited by virtue of its 100% shareholding of the parent undertaking.