

Registered number: 01254467

Roscomac Limited

Annual report and financial statements

For the year ended 28 February 2021



Roscomac Limited

Company Information

Directors F Martello
J G Martello
N A Rolfe
M J Johans (appointed 30 April 2021)

Registered number 01254467

Registered office Dominion Way
Worthing
West Sussex
BN14 8NW

Independent auditor Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Roscomac Limited

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Roscomac Limited

Strategic report For the year ended 28 February 2021

Introduction

The directors present their strategic report for the year ended 28 February 2021.

Business-review

As expected Roscomac Limited has seen an overall increase in turnover in the year to 28 February 2021 of 33% as a result of an increase in demand from some customers, primarily in the medical sector.

As a result of COVID-19 we have seen a reduction in demand in some of our other sectors including Oil and gas, aerospace, and general engineering. We continue with the strategy of maintaining a varied spread of customers in different sectors to reduce the risks.

The business strategy continues to invest in new technology, automation, research and development and staff to be at the forefront of the machining industry to deliver technically challenging projects, cost effectively to our customers.

The Gross margin % in the year was slightly lower than the previous year as a result of the costs of changes in demand from different customers, along with the continued investment in new technology and reengineering those components on new technology to deliver improved performance in the future. The operating percentage had a positive improvement up to 6.1%.

The capital investments the business have made (£4million in the last three years) along with the other investments in research and development and staff are intended to set the business up for the future.

Principal risks and uncertainties

As part of its risk management the business maintains a risk register that is reviewed by the management team on a regular basis. These risks are rated, and mitigating actions and responsibilities assigned.

The current key financial risk and uncertainties are the impact of COVID-19 longer term on the recovery of existing business in some sectors and the opportunities for new business opportunities.

Financial key performance indicators

	28 February 2021	29 February 2020
Turnover	£8,733k	£6,554k
Gross margin %	45.5%	47.9%
Operating profit	£536k	£179k
Exceptional provision	-	£191k
Underlying operating profit	£536k	£370k
Operating profit %	6.1%	5.6%
Capital investment	£991k	£1,529k

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



J G Martello

Director

Date:

14-07-21

Roscomac Limited

Directors' report

For the year ended 28 February 2021

The directors present their report and the financial statements for the year ended 28 February 2021.

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the company is CNC precision engineering and assembly.

Results and dividends

The profit for the year, after taxation, amounted to £490,361 (2020 - £228,175).

Dividends paid in the year amounted to £119,000 (2020: £102,000)

Directors

The directors who served during the year were:

F Martello
J G Martello
N A Rolfe

Future developments

The business will continue to follow its strategy of investment to stay at the leading edge of the current available technology. The business will remain flexible in terms of its ability to react to change in the market to allow it to act quickly as requirements from customers dictate.

The Directors are confident that with its strategy, the current reserves and the financing facilities in place, Roscomac Limited can be successful in the current uncertain environment.

Roscomac Limited

**Directors' report (continued)
For the year ended 28 February 2021**

Research and development activities

Roscomac continues to invest in research and development activities internally and for the benefit of its customers. In the precision engineering industry, processes and techniques are closely guarded intellectual property:

Almost all new customer contracts secured by Roscomac involve developing an appropriate process to engineer the component and/or product. A number of these are of the nature that competent professionals within this sector can devise the process and program the engineering equipment to achieve the required output as a matter of course.

However, the company also has a number of projects that go beyond this and require processes, techniques, and components to be developed, which advance the overall technological capabilities of the field. This could be through improving the process to allow appreciable improvements in the level of waste generated, cost savings, higher reliability of components or developing products to specifications not previously achieved.

Matters covered in the strategic report

The company is required to disclose an accurate reflection of the financial risk management objectives and policies in its Directors' Report. This has instead been included in the Strategic Report in line with the Companies Act 2006.

Disclosure of information to auditor

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

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

Post balance sheet events

There are no post balance sheet events to report.

Auditor

The auditor, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J G Martello

Director

Date: 14-07-21

Roscomac Limited

Independent auditor's report to the members of Roscomac Limited

Opinion

We have audited the financial statements of Roscomac Limited (the 'Company') for the year ended 28 February 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2021 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Roscomac Limited

Independent auditor's report to the members of Roscomac Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

Independent auditor's report to the members of Roscomac Limited (continued)

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 is detailed below:

The objectives of our audit are to identify and assess the risks of material misstatement 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 or error; and to respond appropriately to those risks.

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. 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 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated 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 inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements, such as with regards absorption costing, recoverability of trade debtors and depreciation. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing controls that management have in place to prevent and detect fraud; and
- Conducting interviews with appropriate personnel to gain further insight into the control systems implemented, and the risk of irregularity; and
- Discussion with management of the controls over the stock counting procedures and detailed testing of the year end stock counts comparing to the quantities included in the financial statements; and
- Conducting a review of cash received after the balance sheet date to support recoverability of trade debtors; and
- Challenging assumptions and judgments made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Physical inspection of tangible assets; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Roscomac Limited

Independent auditor's report to the members of Roscomac Limited (continued)

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Allan Pinner FCCA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Worthing
Date: 16 July 2021

Roscomac Limited

**Statement of comprehensive income
For the year ended 28 February 2021**

	Note	2021 £	2020 £
Turnover	4	8,733,363	6,554,140
Cost of sales		(4,758,688)	(3,416,570)
Gross profit		3,974,675	3,137,570
Administrative expenses		(3,559,698)	(2,983,767)
Other operating income	5	121,048	25,500
Operating profit	6	536,025	179,303
Interest receivable and similar income	10	30	141
Interest payable and expenses	11	(95,471)	(84,498)
Profit before tax		440,584	94,946
Tax on profit	12	49,777	133,229
Profit for the financial year		490,361	228,175

There was no other comprehensive income for 2021 (2020: £NIL).

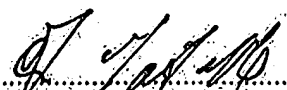
The notes on pages 11 to 26 form part of these financial statements.

Roscomac Limited
Registered number: 01254467

Balance sheet
As at 28 February 2021

	Note	28 February 2021 £	29 February 2020 £
Fixed assets			
Tangible assets	14	3,622,774	3,531,960
Investments	15	1	1
		<u>3,622,775</u>	<u>3,531,961</u>
Current assets			
Stocks	16	1,230,457	1,324,191
Debtors: amounts falling due within one year	17	2,110,326	1,748,413
Bank and cash balances		235,644	75,593
		<u>3,576,427</u>	<u>3,148,197</u>
Creditors: amounts falling due within one year	18	(2,561,019)	(2,284,280)
Net current assets		<u>1,015,408</u>	<u>863,917</u>
Total assets less current liabilities		<u>4,638,183</u>	<u>4,395,878</u>
Creditors: amounts falling due after more than one year	19	(1,693,284)	(1,749,414)
Provisions for liabilities			
Deferred tax		(388,565)	(270,648)
Other provisions	22	-	(190,843)
		<u>(388,565)</u>	<u>(461,491)</u>
Net assets		<u>2,556,334</u>	<u>2,184,973</u>
Capital and reserves			
Called up share capital	23	10,000	10,000
Profit and loss account		2,546,334	2,174,973
		<u>2,556,334</u>	<u>2,184,973</u>

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


F. Martello
Director
Date: 14.07.2021

The notes on pages 11 to 26 form part of these financial statements.

Roscomac Limited

**Statement of changes in equity
For the year ended 28 February 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 March 2019	10,000	2,048,798	2,058,798
Comprehensive income for the year			
Profit for the year	-	228,175	228,175
Total comprehensive income for the year	-	228,175	228,175
Dividends	-	(102,000)	(102,000)
Total transactions with owners	-	(102,000)	(102,000)
At 1 March 2020	10,000	2,174,973	2,184,973
Comprehensive income for the year			
Profit for the year	-	490,361	490,361
Total comprehensive income for the year	-	490,361	490,361
Dividends	-	(119,000)	(119,000)
Total transactions with owners	-	(119,000)	(119,000)
At 28 February 2021	10,000	2,546,334	2,556,334

The notes on pages 11 to 26 form part of these financial statements.

Roscomac Limited

Notes to the financial statements For the year ended 28 February 2021

1. General information

Roscomac Limited is a private company, limited by share capital and incorporated in England and Wales under the Companies Act 2006, registered number 01254487.

The address of the registered office is: Dominion Way, Worthing, West Sussex BN14 8NW.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Roscomac Group Limited as at 28 February 2021 and these financial statements may be obtained from Dominion Way, Worthing, West Sussex, United Kingdom BN14 8NW.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**Notes to the financial statements
For the year ended 28 February 2021**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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 presented in the Statement of comprehensive income within 'administrative expenses'.

All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

2.5 Revenue

Turnover is recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised on delivery of goods.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Research and development

Expenditure on research is written off against profits in the year in which it is incurred.

Notes to the financial statements
For the year ended 28 February 2021

2. Accounting policies (continued)

2.9 Government grants

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

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

2.10 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements
For the year ended 28 February 2021

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

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

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

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

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

2.15 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Plant and machinery	-	3 to 7 years
Motor vehicles	-	4 years
Office equipment	-	3 to 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**Notes to the financial statements
For the year ended 28 February 2021**

2. Accounting policies (continued)

2.17 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.18 Debtors

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

2.19 Creditors

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

2.20 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Financial instruments

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

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Notes to the financial statements
For the year ended 28 February 2021**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies.

In preparing these financial statements, the directors have made the following judgments:

- Determine whether leases entered into as a lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see notes 2.15 and 14)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets as at the year end was £3,622,774 (2020: £3,531,960).

- Stock provisions (see notes 2.17 and 16)

Provision is made against slow moving stock on a judgmental basis taking into account product life cycle, historical sales patterns and stock ageing. The value of the provision as at the year end was £243,286 (2020: £204,809).

- WIP valuation (see note 16)

The directors apply an overhead rate that is absorbed into the value of the work in progress and finished goods. This is based upon the estimated standard hours to produce the expected stock quantities in the year and absorbs a mix of both direct and indirect costs. The value of work in progress at the year end was £439,567 (2020: £579,000)

Roscomac Limited

Notes to the financial statements For the year ended 28 February 2021

4. Turnover

	2021 £	2020 £
Sale of goods	8,733,363	6,554,140
	<u>8,733,363</u>	<u>6,554,140</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	2,499,044	2,887,517
Rest of Europe	5,615,067	3,645,554
Rest of the world	619,252	21,069
	<u>8,733,363</u>	<u>6,554,140</u>

5. Other operating income

	2021 £	2020 £
Grants receivable	121,048	25,500
	<u>121,048</u>	<u>25,500</u>

Grants receivable includes £95,548 of CJRS income and £25,500 released to the Statement of comprehensive income in relation to a grant received for the purchase of plant and machinery.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	9,120	(5,050)
Other operating lease rentals	256,075	239,074
	<u>256,075</u>	<u>239,074</u>

Notes to the financial statements
For the year ended 28 February 2021

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>15,500</u>	<u>15,235</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2021 £	2020 £
Wages and salaries	2,494,026	2,133,504
Social security costs	226,603	181,159
Cost of defined contribution scheme	128,410	137,186
	<u>2,849,039</u>	<u>2,451,849</u>

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

	2021 No.	2020 No.
Total	<u>98</u>	<u>89</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	105,468	91,914
Company contributions to defined contribution pension schemes	13,200	4,800
	<u>118,668</u>	<u>96,714</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

Roscomac Limited

**Notes to the financial statements
For the year ended 28 February 2021**

10. Interest receivable

	2021 £	2020 £
Other interest receivable	30	141
	<u>30</u>	<u>141</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Finance leases and hire purchase contracts	83,132	67,995
Other interest payable	12,339	16,503
	<u>95,471</u>	<u>84,498</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(164,359)	(261,133)
Adjustments in respect of previous periods	(3,335)	707
	<u>(167,694)</u>	<u>(260,426)</u>
Total current tax	<u>(167,694)</u>	<u>(260,426)</u>
Deferred tax		
Origination and reversal of timing differences	117,917	127,197
Total deferred tax	<u>117,917</u>	<u>127,197</u>
Taxation on loss on ordinary activities	<u>(49,777)</u>	<u>(133,229)</u>

Notes to the financial statements
For the year ended 28 February 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>440,584</u>	<u>94,946</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	83,711	18,040
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	40	31
Impact of R&D expenditure upon tax charge	(162,035)	(136,417)
Changes in provisions leading to an increase (decrease) in the tax charge	28,507	(15,030)
Other differences leading to an increase (decrease) in the tax charge	-	147
Total tax charge for the year	<u><u>(49,777)</u></u>	<u><u>(133,229)</u></u>

13. Dividends

	28 February 2021 £	29 February 2020 £
Dividends paid in the year	<u>119,000</u>	<u>102,000</u>
	<u><u>119,000</u></u>	<u><u>102,000</u></u>

Roscomac Limited

**Notes to the financial statements
For the year ended 28 February 2021**

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 March 2020	9,171,428	3,500	283,130	9,458,058
Additions	949,887	-	41,548	991,435
Disposals	(690,473)	-	(57,749)	(748,222)
At 28 February 2021	<u>9,430,842</u>	<u>3,500</u>	<u>266,929</u>	<u>9,701,271</u>
Depreciation				
At 1 March 2020	5,754,592	3,500	168,006	5,926,098
Charge for the year on owned assets	823,121	-	51,109	874,230
Disposals	(674,773)	-	(47,058)	(721,831)
At 28 February 2021	<u>5,902,940</u>	<u>3,500</u>	<u>172,057</u>	<u>6,078,497</u>
Net book value				
At 28 February 2021	<u>3,527,902</u>	<u>-</u>	<u>94,872</u>	<u>3,622,774</u>
At 29 February 2020	<u>3,416,836</u>	<u>-</u>	<u>115,124</u>	<u>3,531,960</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	28 February 2021 £	29 February 2020 £
Plant and machinery	<u>2,791,462</u>	<u>3,076,621</u>
	<u>2,791,462</u>	<u>3,076,621</u>

Roscomac Limited

Notes to the financial statements For the year ended 28 February 2021

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 March 2020	211,377
At 28 February 2021	211,377
Impairment	
At 1 March 2020	211,376
At 28 February 2021	211,376
Net book value	
At 28 February 2021	1
At 29 February 2020	1

Roscomac CZ s.r.o was a dormant subsidiary of Roscomac Limited during the year. Roscomac Limited owned 100% of the Ordinary Share Capital.

16. Stocks

	28 February 2021 £	29 February 2020 £
Raw materials and consumables	130,613	126,920
Work in progress (goods to be sold)	439,567	579,000
Finished goods and goods for resale	660,277	618,271
	1,230,457	1,324,191

Roscomac Limited

**Notes to the financial statements
For the year ended 28 February 2021**

17. Debtors

	28 February 2021	29 February 2020
	£	£
Trade debtors	1,454,757	1,136,308
Other debtors	579,791	555,368
Prepayments and accrued income	75,778	56,737
	2,110,326	1,748,413

18. Creditors: Amounts falling due within one year

	28 February 2021	29 February 2020
	£	£
Bank overdrafts	-	34,319
Trade creditors	869,325	577,102
Other taxation and social security	51,438	49,030
Obligations under finance lease and hire purchase contracts	771,826	691,654
Proceeds of factored debts	553,042	830,443
Other creditors	20,539	21,853
Accruals and deferred income	294,849	79,879
	2,561,019	2,284,280

Proceeds of factored debts

The Company has an invoice discounting agreement with a carrying amount of £553,042 (2020: £830,443) denominated in GBP with a nominal interest rate of 2% over base rate.

The invoice discounting facility is available for draw down on the Company's trade debtors. The agreement is with recourse which ensures that the bad debt risk remains with the Company. Liability is due within one year as the notice period is three months.

Security has been given on this facility, as well as any bank overdrafts, in the form of a fixed and floating charge over the undertaking and all property and assets present and future.

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

	28 February 2021	29 February 2020
	£	£
Net obligations under finance leases and hire purchase contracts	1,599,784	1,630,414
Accruals and deferred income	93,500	119,000
	1,693,284	1,749,414

Roscomac Limited

Notes to the financial statements For the year ended 28 February 2021

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	28 February 2021 £	29 February 2020 £
Within one year	771,826	691,654
Between 1-5 years	1,599,784	1,630,414
	<u>2,371,610</u>	<u>2,322,068</u>

Net obligations under finance leases and hire purchase contracts totalling £629,449 due within one year and £1,444,594 due after one year are secured by fixed charges on the assets concerned.

There is a fixed and floating charge over all the property or undertaking of the company in relation to net obligations under finance leases and hire purchase contracts totalling £297,567, of which £142,377 is due within one year.

21. Deferred taxation

	2021 £
At beginning of year	(270,648)
Charged to statement of comprehensive income	(117,917)
At end of year	<u>(388,565)</u>

The provision for deferred taxation is made up as follows:

	28 February 2021 £	29 February 2020 £
Accelerated capital allowances	(388,565)	(270,648)
	<u>(388,565)</u>	<u>(270,648)</u>

Roscomac Limited

Notes to the financial statements For the year ended 28 February 2021

22. Provisions

	Provision £
At 1 March 2020	190,843
Charged to profit or loss	(10,843)
Utilised in year	(180,000)
At 28 February 2021	-

A provision of £190,843 was accounted for last year in relation to a dispute between the company and its previous energy provider. During this year a settlement was reached. At the year end a balance of £180,000 is due to the energy provider. As the company is now liable for a known amount, the amount has been transferred to trade creditors.

23. Share capital

	28 February 2021 £	29 February 2020 £
Allotted, called up and fully paid		
3,100 (2020 - 3,100) Ordinary 'A' shares of £1.00 each	3,100	3,100
2,100 (2020 - 2,100) Ordinary 'B' shares of £1.00 each	2,100	2,100
4,800 (2020 - 4,800) Ordinary 'C' shares of £1.00 each	4,800	4,800
	10,000	10,000

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £127,458 (2020 - £137,186). Contributions totalling £15,993 (2020 - £14,800) were payable to the fund at the balance sheet date and are included in creditors.

**Notes to the financial statements
For the year ended 28 February 2021**

25. Commitments under operating leases

At 28 February 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	28 February 2021 £	29 February 2020 £
Not later than 1 year	238,048	229,137
Later than 1 year and not later than 5 years	173,885	400,465
	<u>411,933</u>	<u>629,602</u>

26. Other financial commitments

At the year end the company had committed to the purchase of new machinery for £563,326. This includes a deposit of £23,468 that is included within other debtors at the year end.

27. Related party transactions

The company has taken advantage of the exemptions available under FRS102 section 33.1A and not disclosed transactions with its wholly owned subsidiary and parent company.

Martello Property Investments Limited

(A company under the control of the directors and their close family)

During the year, the company incurred rent of £227,200 (2020: £225,000) from Martello Property Investments Limited. Of this, £22,500 was due to Martello Property Investments Limited as at the year end (2020: £nil).

Martello Property Investments Limited incurred costs on behalf of the company totalling £40,297 (2020: £252,002 incurred on behalf of Martello Property Investments Limited).

The company also provided a loan to Martello Property Investments Limited in the year of £53,319. No interest or security is provided for on this loan.

At the year end, Martello Property Investments Limited owed the company £202,119 (2020: £211,597).

P1 Pistons Limited

(A company the directors and their close family joint controlled up to December 2020)

During the year, the company sold goods to P1 Pistons Limited for £24,176 (2020: £258). The company also paid costs on behalf of P1 Pistons Limited totalling £8,004 (2020: £72,170). Payments were received in the year totalling £33,262. During the year the company wrote off a balance due to them from P1 Pistons Limited of £70,600. At the year end, P1 Pistons Limited owed the company £488 (2020: £72,170). This is included within trade debtors (2020: within other debtors).

28. Controlling party

The ultimate parent company is Roscomac Group Limited, incorporated in England and Wales.

The ultimate controlling party is J Martello.