

Vacuum Furnace Engineering Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Company Registration No. 01920664 (England and Wales)

Vacuum Furnace Engineering Limited

Company Information

Directors	S Schmidt-Chiari G Nicholson D Byrne R Kishor S Lees A Lumley K Masters
Company number	01920664
Registered office	Unit 8, Hayes Trading Estate Hingley Road Halesowen West Midlands United Kingdom B63 2RR
Auditor	Moore Kingston Smith LLP Orbital House 20 Eastern Road Romford Essex RM1 3PJ

Vacuum Furnace Engineering Limited

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Vacuum Furnace Engineering Limited

Strategic Report

For the year ended 31 December 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Business Review and Key Performance Indicators

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face.

The business started the year strongly but suffered a setback as a result of the Covid-19 pandemic with revenues dropping to £8.9m. The reduction in activity resulted in the company posting a loss before tax of £1.7m, compared to a profit of £0.6m in the prior year. Gross profit margin was 16% for the year (2019: 28%), but this reflected the effect of lower activity on a relatively fixed cost base, and we expect margins to recover strongly as activity returns.

Primary markets for the company are in aerospace, automotive, power generation and the general heat treatment sector. Demand has been reduced temporarily by the pandemic but we believe that global growth will continue to be strong in these areas once vaccine programs have been rolled out globally and the world economy returns to pre-Covid levels.

The vaccination program in the UK has been a success and we already see excellent signs of recovery in our markets.

The outlook for the business therefore continues to be very positive.

The company continues to have a solid balance sheet with net current assets of £0.2m (2019: £1.7m) and has the support of its parent undertakings.

The company remains one of Europe's largest leading specialists in the supply, design, overhaul and service of vacuum furnaces and autoclaves.

Principal risks and uncertainties

The board has overall responsibility for ensuring that risks are effectively managed. The risk management process is designed to identify, evaluate and manage any significant risks that the company faces.

The principal risks and uncertainties facing the company at the beginning of 2020 were the effect of a potential no-deal Brexit in the year, turbulence in the financial markets, competition from the UK and abroad, and other changes in macroeconomic conditions. The greatest uncertainty at the time of writing is the speed at which the economy in general, and our key markets specifically, recover from the Covid-19 pandemic.

Financial risk management

The company has an established approach to the management of financial risks. The company's activities expose it to a variety of financial risks, including credit, liquidity, cash flow foreign exchange and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. The policies set by the Board of Directors are implemented by the company's finance department.

Vacuum Furnace Engineering Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Financial risk management (continued)

Liquidity/cash flow risk

We monitor cash flow on a short, medium and long-term basis ensuring that there is always sufficient liquidity to meet all upcoming financial commitments. We take a prudent view of the projected future cash flows in order to minimise downside risk.

Foreign exchange risk

We have a number of customers and suppliers who trade in currencies other than sterling (predominantly Euro and US Dollars) so have a level of natural hedging. The company has no formal hedging policy in place, but reviews this position regularly, taking into consideration the company's overall exposure in each currency.

Credit risk

We have a customer base which includes a number of large, well-known organisations. For all new customers we conduct a thorough credit investigation and set customer credit limits and payment terms accordingly. These are subsequently monitored so that timely action can be taken if any issues emerge.

Interest rate risk

We have a revolving credit facility which bears interest at variable rates. The finance department monitor future interest rate yield curves and will consider the use of interest rate derivatives to cap increases in interest rates, if appropriate.

On behalf of the board

A Lumley
Director
14 July 2021

Vacuum Furnace Engineering Limited

Directors' Report

For the year ended 31 December 2020

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

Principal activities

The principal activity of the company continued to be the supply, design, overhaul, repair and service of vacuum furnaces.

Directors

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

S Schmidt-Chiari
G Nicholson
D Byrne
R Kishor
S Lees
A Lumley
K Masters

Results and dividends

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

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

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Vacuum Furnace Engineering Limited

Directors' Report (Continued)

For the year ended 31 December 2020

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 company's auditor 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 company's auditor is aware of that information.

Going concern

Despite the loss of £1.4m made in 2020, the completion in 2021 of projects temporarily placed on hold during the pandemic has meant that the company has continued to generate cash in line with budgets and forecasts.

The company is dependent upon the continued support of the group companies to provide funding, who, in turn, are dependent on funding from the ultimate parent and bankers. The directors of the parent undertaking have confirmed that amounts due to them of £6.2m will not be called for repayment within twelve months of the date of approval of these financial statements if such repayment would prejudice the ability of the company to meet its other external obligations as they fall due.

The COVID-19 pandemic has had an impact on the company's trading operations and the directors have assessed the effects of these following assistance from the UK Government's various support schemes and a refinancing by the group's bankers.

Having considered the short and medium term trading prospects of the company and funding requirements, and taking into consideration the security of funding given by the parent undertakings and having received confirmation from the ultimate parent undertaking that sufficient funding will be made available for the a period of at least a year from the approval of the financial statements the directors are satisfied that the company will be able to continue trading and meet its liabilities as they fall due for at least twelve months following the date of approval of the financial statements, and have therefore prepared the financial statements on a going concern basis.

On behalf of the board

A Lumley
Director

14 July 2021

Vacuum Furnace Engineering Limited

Independent Auditor's Report

To the Members of Vacuum Furnace Engineering Limited

Opinion

We have audited the financial statements of Vacuum Furnace Engineering Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Vacuum Furnace Engineering Limited

Independent Auditor's Report (Continued)

To the Members of Vacuum Furnace Engineering Limited

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 is detailed below.

Vacuum Furnace Engineering Limited

Independent Auditor's Report (Continued)

To the Members of Vacuum Furnace Engineering Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement 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 purposes of expressing an opinion on 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.

Vacuum Furnace Engineering Limited

Independent Auditor's Report (Continued)

To the Members of Vacuum Furnace Engineering Limited

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Karen Wardell (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

15 July 2021

Chartered Accountants
Statutory Auditor

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

Vacuum Furnace Engineering Limited

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	8,888,488	16,169,263
Cost of sales		(7,424,693)	(11,670,462)
Gross profit		<u>1,463,795</u>	<u>4,498,801</u>
Administrative expenses		(3,416,198)	(3,829,007)
Other operating income		585,557	1,355
Exceptional items	4	(128,577)	-
Operating (loss)/profit	5	<u>(1,495,423)</u>	<u>671,149</u>
Interest receivable and similar income	8	193	12,644
Interest payable and similar expenses	9	(230,608)	(99,553)
(Loss)/profit before taxation		<u>(1,725,838)</u>	<u>584,240</u>
Taxation	10	298,460	224,893
(Loss)/profit for the financial year		<u><u>(1,427,378)</u></u>	<u><u>809,133</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Vacuum Furnace Engineering Limited

Balance Sheet

As at 31 December 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	11	225,130		265,000	
Other intangible assets	11	535,437		628,105	
Total intangible assets		760,567		893,105	
Tangible assets	12	454,942		534,518	
Investments	13	28,690		28,690	
		1,244,199		1,456,313	
Current assets					
Stock	15	2,577,763		2,351,749	
Debtors	16	7,926,467		10,231,278	
Cash at bank and in hand		854,964		1,200,440	
		11,359,194		13,783,467	
Creditors: amounts falling due within one year	17	(11,148,298)		(12,090,452)	
Net current assets		210,896		1,693,015	
Total assets less current liabilities		1,455,095		3,149,328	
Creditors: amounts falling due after more than one year	18	(1,052,618)		(1,319,473)	
Net assets		402,477		1,829,855	
Capital and reserves					
Called up share capital	22	600		600	
Capital redemption reserve	23	150		150	
Profit and loss reserves		401,727		1,829,105	
Total equity		402,477		1,829,855	

The financial statements were approved by the board of directors and authorised for issue on 14 July 2021 and are signed on its behalf by:

A Lumley
Director

Company Registration No. 01920664

Vacuum Furnace Engineering Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	600	150	1,019,972	1,020,722
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	809,133	809,133
Balance at 31 December 2019	600	150	1,829,105	1,829,855
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(1,427,378)	(1,427,378)
Balance at 31 December 2020	600	150	401,727	402,477

Vacuum Furnace Engineering Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 Accounting policies

Company information

Vacuum Furnace Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 8, Hayes Trading Estate, Hingley Road, Halesowen, West Midlands, United Kingdom, B63 2RR.

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 pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Longacre Group Limited. These consolidated financial statements are available from its registered office, 1 Mercer Street, London, England, WC2H 9QJ.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vacuum Furnace Engineering Limited is a wholly owned subsidiary of Seafox VFE 2 Limited and the results of Vacuum Furnace Engineering Limited are included in the consolidated financial statements of Longacre Group Limited.

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.2 Going concern

Despite the loss of £1.4m made in 2020, the completion in 2021 of projects temporarily placed on hold during the pandemic has meant that the company has continued to generate cash in line with budgets and forecasts.

The company is dependent upon the continued support of the group companies to provide funding, who, in turn, are dependent on funding from the ultimate parent and bankers. The directors of the parent undertaking have confirmed that amounts due to them of £6.2m will not be called for repayment within twelve months of the date of approval of these financial statements if such repayment would prejudice the ability of the company to meet its other external obligations as they fall due.

The COVID-19 pandemic has had an impact on the company's trading operations and the directors have assessed the effects of these following assistance from the UK Government's various support schemes and a refinancing by the group's bankers.

Having considered the short and medium term trading prospects of the company and funding requirements, and taking into consideration the security of funding given by the parent undertakings and having received confirmation from the ultimate parent undertaking that sufficient funding will be made available for the a period of at least a year from the approval of the financial statements the directors are satisfied that the company will be able to continue trading and meet its liabilities as they fall due for at least twelve months following the date of approval of the financial statements, and have therefore prepared the financial statements on a going concern basis.

1.3 Turnover

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

Sale of goods

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

- the company has transferred the significant risks and rewards of ownership to the buyer. In the case of delivery of the equipment in accordance with the terms of the contract, revenue is recorded as at the date of delivery unless the sale qualifies as a bill and hold arrangement;
- the date of delivery unless the sale qualifies as a bill and hold arrangement;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective 'control over the goods sold;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Any amounts received in advance of the delivery of goods are not recognised as turnover but are deferred and accounted for as a liability in the statement of financial position.

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Turnover (continued)

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided, in accordance with the stage of completion of the contract, when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably. In the case of installation of equipment, this is considered a separate service and revenue for installation is recognised when installation is complete;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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 acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intellectual property	10 years
Brand	20% straight line
Software	33% reducing balance

1.6 Tangible fixed assets

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

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% reducing balance
Plant and equipment	20% straight line
Fixtures and fittings	25% reducing balance
Computer equipment	33% reducing balance
Motor vehicles	25% straight line

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 credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 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.

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.

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.

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.9 Stock

Stocks and work in progress 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 includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.10 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.

1.11 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 instruments 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 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.

Vacuum Furnace Engineering 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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 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 when the company has 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.

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

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.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are in relation to the amounts received under the Coronavirus Job Retention Scheme where staff have been furloughed due to the global pandemic. These amounts have been included separately in other income and are recognised in the same periods as the related salary costs.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

2 Judgements and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. These judgments and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have made the following key judgments and estimates:

Tangible fixed assets (note 12)

Tangible fixed assets are depreciated over their useful lives taking in account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Goodwill and other intangible assets (note 11)

On recognition of intangible assets as a result of a business combination a fair value is established for any separately identifiable intangible assets. The fair value is determined based on a relief from royalty method which requires an estimation of future notional royalties that will be payable as well as an appropriate discount rate to be applied.

At each reporting date factors such as 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 are assessed to determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill.

Trade debtors (note 16)

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Stock (note 15)

At each reporting date, inventories are assessed for impairment. If inventory 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.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	6,588,769	12,505,855
Rendering of services	2,299,719	3,663,408
	<u>8,888,488</u>	<u>16,169,263</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other significant revenue		
Interest income	193	12,644
Government grants - Furlough income	585,557	-
	<u> </u>	<u> </u>

The analysis of turnover by geographical market has not been provided, as in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

4 Exceptional costs

	2020	2019
	£	£
Redundancy costs	87,719	-
Professional fees	40,858	-
	<u> </u>	<u> </u>
	128,577	-
	<u> </u>	<u> </u>

The above costs relate to one-off events in 2020 and are not considered to be part of the normal operations of the entity.

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	4,543	14,912
Defined contribution pension cost	115,698	160,733
Fees payable to the company's auditor for the audit of the company's financial statements	15,459	27,950
Depreciation of owned tangible fixed assets	143,042	166,188
Profit on disposal of tangible fixed assets	(3,813)	(3,264)
Amortisation of intangible assets	238,994	202,206
Cost of stock recognised as an expense	3,439,273	6,436,286
Operating lease charges	203,808	240,338
	<u> </u>	<u> </u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

6 Employees

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

	2020 Number	2019 Number
Administrative	23	24
Manufacturing, service and repair	60	65
	<u>83</u>	<u>89</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,816,174	4,669,461
Social security costs	412,033	513,462
Pension costs	211,373	115,698
	<u>4,439,580</u>	<u>5,183,882</u>

7 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	607,825	546,709
Company pension contributions to defined contribution schemes	26,597	23,112
	<u>634,422</u>	<u>569,821</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 5).

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

	2020 £	2019 £
Remuneration for qualifying services	160,707	182,105
Company pension contributions to defined contribution schemes	7,895	9,000
	<u>168,602</u>	<u>191,105</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	193	12,644
	<u>193</u>	<u>12,644</u>

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	230,608	99,553
	<u>230,608</u>	<u>99,553</u>

10 Taxation

	2020	2019
	£	£
Current tax		
Benefit arising from a previously unrecognised tax loss or credit	-	(130,901)
	<u>-</u>	<u>(130,901)</u>
Deferred tax		
Origination and reversal of timing differences	(298,460)	(93,992)
	<u>(298,460)</u>	<u>(93,992)</u>
Total tax credit	<u>(298,460)</u>	<u>(224,893)</u>

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
(Loss)/profit before taxation	(1,725,838)	584,240
	<u>(1,725,838)</u>	<u>584,240</u>
<i>Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i>	(327,909)	111,006
Tax effect of expenses that are not deductible in determining taxable profit	2,630	3,662
Tax effect of utilisation of tax losses not previously recognised	-	(93,505)
Unutilised tax losses carried forward	307,831	-
Permanent capital allowances in excess of depreciation	3,915	(6,738)
Amortisation on assets not qualifying for tax allowances	13,533	-
Research and development tax credit	-	(130,901)
Other non-reversing timing differences	(298,460)	(108,417)
	<u>(298,460)</u>	<u>(108,417)</u>
Taxation credit for the year	<u>(298,460)</u>	<u>(224,893)</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

11 Intangible fixed assets

	Goodwill	Intellectual property	Brand	Software	Total
	£	£	£	£	£
Cost					
At 1 January 2020	398,700	250,000	356,681	479,040	1,484,421
Additions - separately acquired	-	-	-	57,728	57,728
Transfers	-	-	-	103,960	103,960
At 31 December 2020	398,700	250,000	356,681	640,728	1,646,109
Amortisation and impairment					
At 1 January 2020	133,700	74,609	153,255	229,752	591,316
Amortisation charged for the year	39,870	25,000	71,336	102,788	238,994
Transfers	-	-	-	55,232	55,232
At 31 December 2020	173,570	99,609	224,591	387,772	885,542
Carrying amount					
At 31 December 2020	225,130	150,391	132,090	252,956	760,567
At 31 December 2019	265,000	175,391	203,426	249,288	893,105

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

12 Tangible fixed assets									
		Leasehold improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Total	
		£	£	£	£	£	£	£	£
Cost									
At 1 January 2020		135,130	88,367	562,286	195,630	284,706	44,120	1,310,239	
Additions		75,929	-	1,400	-	34,865	-	112,194	
Disposals		-	-	-	(73,366)	-	(12,233)	(85,599)	
Transfers		64,407	(88,367)	(50,000)	-	(30,000)	-	(103,960)	
At 31 December 2020		275,466	-	513,686	122,264	289,571	31,887	1,232,874	
Depreciation and impairment									
At 1 January 2020		72,696	-	270,422	182,231	210,111	40,261	775,721	
Depreciation charged in the year		24,379	-	81,254	3,350	32,058	2,001	143,042	
Eliminated in respect of disposals		-	-	-	(73,366)	-	(12,233)	(85,599)	
Transfers		-	-	(34,166)	-	(21,066)	-	(55,232)	
At 31 December 2020		97,075	-	317,510	112,215	221,103	30,029	777,932	
Carrying amount									
At 31 December 2020		178,391	-	196,176	10,049	68,468	1,858	454,942	
At 31 December 2019		62,434	88,367	291,864	13,399	74,595	3,859	534,518	

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	28,690	28,690

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 & 31 December 2020	28,690
Carrying amount	
At 31 December 2020	28,690
At 31 December 2019	28,690

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
VFE Pte. Ltd	Singapore	Consultancy	Ordinary	100.00	0

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
VFE Pte. Ltd	(12,422)	(9,689)

15 Stock

	2020 £	2019 £
Raw materials and consumables	1,257,257	1,112,403
Work in progress	1,320,506	1,239,346
	2,577,763	2,351,749

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,287,550	2,989,916
Corporation tax recoverable	-	25,248
Amounts due from group undertakings	4,391,558	4,308,403
Other debtors	194,333	804,692
Prepayments and accrued income	1,574,416	1,922,869
	<u>7,447,857</u>	<u>10,051,128</u>
Deferred tax asset (note 20)	478,610	180,150
	<u>7,926,467</u>	<u>10,231,278</u>

An impairment charge of £509 (2019: £2,967) was recognised in the year in respect of bad and doubtful trade debtors.

The amounts due by group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	19	1,940,215	971,422
Trade creditors		1,222,237	1,781,905
Amounts due to group undertakings		6,100,476	6,238,379
Other taxation and social security		1,018,227	926,547
Other creditors		217,658	124,735
Accruals and deferred income		649,485	2,047,464
		<u>11,148,298</u>	<u>12,090,452</u>

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	19	<u>1,052,618</u>	<u>1,319,473</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

19 Loans and overdrafts

	2020 £	2019 £
Bank loans	2,871,825	2,188,866
Bank overdrafts	121,008	102,029
	<u>2,992,833</u>	<u>2,290,895</u>
Payable within one year	1,940,215	971,422
Payable after one year	<u>1,052,618</u>	<u>1,319,473</u>

The company had two bank loans in issue as at the balance sheet date.

One of the bank loans is in respect of a revolving credit facility and is secured by way of a fixed and floating charge over the assets of the company. Interest is payable at LIBOR plus a margin of 2.5% p.a.

The other bank loan is also secured by way of a fixed and floating charge over the assets of the company. Interest is payable at a rate of 9%.

20 Deferred taxation

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

	Assets 2020 £	Assets 2019 £
Balances:		
Accelerated capital allowances	110,752	110,282
Tax losses	<u>367,858</u>	<u>69,868</u>
	<u>478,610</u>	<u>180,150</u>
Movements in the year:		2020 £
Liability/(Asset) at 1 January 2020		(180,150)
Credit to profit or loss		<u>(298,460)</u>
Liability/(Asset) at 31 December 2020		<u>(478,610)</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	211,373	115,698

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. The pension charge represents contributions payable by the company. At the year end there were contributions payable of £19,847 (2019: £24,967).

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
600 Ordinary of £1 each	600	600
	<u>600</u>	<u>600</u>

23 Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

24 Contingent liability

The company has provided a cross guarantee with its fellow group companies for group bank borrowings. At 31 December 2020 the total liabilities covered by this guarantee totalled £1,050,536 (2019: £1,736,500) of which £nil (2019: £786,500) are included in these financial statements.

25 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	288,646	284,099
Between two and five years	624,687	186,880
	<u>913,333</u>	<u>470,979</u>

Vacuum Furnace Engineering Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

26 Related party transactions

The company is a wholly owned subsidiary of Seafox VFE 2 Limited and has taken advantage of the exemption conferred by section 33.1A of FRS102 to not disclose transactions with Seafox VFE 2 Limited or other wholly owned subsidiaries of Longacre Group Limited.

Key management personnel include all directors and some of the senior managers across the company who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £529,348 (2019 - £599,544).

27 Controlling party

The company is a wholly owned subsidiary of Seafox VFE 2 Limited, a company incorporated in the UK with a registered address at 1 Mercer Street, London, WC2H 9QJ.

Longacre Group Limited is regarded by the directors as being the company's ultimate controlling parent company with I Abrahams being the ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated is that headed by Longacre Group Limited. The consolidated amounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

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