

COMPANY REGISTRATION NUMBER: 01923577

Armultra Limited
Financial statements
30 September 2020

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Armultra Limited

Strategic report

Year ended 30 September 2020

Business model

The company manufactures and sells bespoke engineering solutions to clients within a range of industries, principally petrochemical and food. The company also undertakes site works and maintenance on client sites with a specialisation in pipework and refrigeration systems.

During the past year the company has maintained its focus onto specialist offshore works in the petrochemical sector and the welding of exotic metals for both on and offshore works.

Strategy

The company strategy remains to promote growth by expanding our client base and diversifying into additional sectors of the market without compromising the quality of service to our existing clients.

The year to 30 September 2020 has seen the company undertake continued investment in the development of new procedures and methods of working to allow it to move further into more specialised areas of both on and offshore work with a view to removing the barrier to entry in what the directors feel to be a market key to the future development and profitability of the company.

During the year the company has moved into the provision of training services for external parties to allow the company to provide a more vertically integrated service for our clients and with a view to raising the company's profile in our areas of operation.

Objectives

The key objectives for the medium term are to continue to invest in the development of the technical capability of the company to allow further penetration of more specialised markets whilst maintaining the quality of service to our existing clients and increase our presence in our traditional markets.

The company has shifted focus to concentrate on attempting to gain entry into the nuclear and renewables market.

Armultra Limited

Strategic report *(continued)*

Year ended 30 September 2020

Review of the year

Turnover for the year is reported at £7.5m compared to £12.8m generated in 2019.

Like many business the company was adversely affected by the global disruption caused by the COVID-19 pandemic. This manifested itself in a number of key projects being postponed or cancelled which made actual turnover achieved lower than we had projected. Despite this setback the company has managed to retain its staff and report a healthy profit.

Gross margins for the year are reported at 17% (2019: 13%). The tight control on both direct and overhead costings has contributed to the company remaining profitable despite the very competitive markets in which it operates.

One clear effect of the global pandemic was the cessation of the company's operations in the Caspian region. There was also a reduction in offshore operations due to the company's clients paring back operations on their platforms.

The company continues to be supported by a strong balance sheet with net assets at the year end of £769,876.

The directors consider the results for the year and the year end position to be satisfactory.

Key performance indicators

The key performance indicators are considered to be turnover (results reported in 'Statement of comprehensive income' on page 9) and gross margin.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using other key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks

The key risks to the company remain the continuing weakness in the macro-economy, specifically in the petrochemical sector and the threat of competition from low employment cost economies.

The directors believe that a combination of the quality and service offered to our clients combined with the investment undertaken in improving the technical capabilities will allow the company to defend existing business and enter markets where the threat from low employment cost competition is mitigated.

Armultra Limited

Strategic report *(continued)*

Year ended 30 September 2020

Coronavirus

During the year most of the world was heavily impacted by the coronavirus pandemic and measures were taken by governments to mitigate or halt its spread.

The offshore industry was impacted by the travel restrictions imposed, however the company was able to focus on other areas of work which could still be undertaken while being mindful of the government's guidance, ensuring the safety of our staff which was of prime importance, while liaising with our customers and key suppliers.

The company offers various engineering solutions to a number of industries and has made significant investment in the development of new techniques over the last few years. This has enabled the company to concentrate on more accessible projects while government measures to slow the spread of coronavirus restricted the amount of offshore work available. The company also continued to provide services to customers operating in essential industries whilst adhering to the social distancing guidelines.

Management continue to keep the situation under continuous assessment and have put in place contingency measures and plans for a number of scenarios in order to mitigate the worst of the impact to our business.

We welcome the government's initiatives to support business and the economy during this time. We shall continue to work with our external sources of finance and shareholders in order, as far as possible, to continue to trade for the foreseeable future whilst supporting our employees.

Future outlook

The directors will continue to monitor the coronavirus situation and respond to any developments appropriately.

The directors have signalled their confidence in the future of the business by investing in the construction of a new factory unit on our main site. This building came into operation in April 2021. Following the COVID-19 epidemic the management have also invested in upgrading the canteen and toilet facilities for the workshop staff to enhance the safety of their environment.

Turnover for the first six months of the year has been strong. The company has ongoing contracts with a number of longstanding customers and a promising order book for offshore work once the travel restrictions are lifted.

This report was approved by the board of directors on 8 June 2021 and signed on behalf of the board by:

C D Beales
Director



Registered office:
Armultra House
Hewett Road
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk
NR31 0RB

Armutra Limited

Directors' report

Year ended 30 September 2020

The directors present their report and the financial statements of the company for the year ended 30 September 2020.

Directors

The directors who served the company during the year were as follows:

C D Beales
S Micklewright
Mrs B A Beales
S D Beales
T C Beales

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of information in the strategic report

The company has taken advantage of the exemptions available in section 414C(11) of the Companies Act 2006 with regard to the disclosure of certain information in the directors' report. Such information is now included in the strategic report starting on page 2 which contains appropriate detailed information of the review of the business during the year and the principal risks and uncertainties affecting the company and its business.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 8 June 2021 and signed on behalf of the board by:

C D Beales
Director



Registered office:
Armutra House
Hewett Road
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk
NR31 0RB

Armultra Limited

Directors' responsibilities statement

Year ended 30 September 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 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 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 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.

Armultra Limited

Independent auditor's report to the members of Armultra Limited

Year ended 30 September 2020

Opinion

We have audited the financial statements of Armultra Limited (the 'company') for the year ended 30 September 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 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 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Armultra Limited

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

Year ended 30 September 2020

Opinions on other matters prescribed by the Companies Act 2006

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

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

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, 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.

Armultra Limited

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

Year ended 30 September 2020

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



Steven Scarlett ACA (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

8 June 2021

Armultra Limited

Statement of income and retained earnings

Year ended 30 September 2020

		2020 £	2019 £
Turnover	Note 4	7,534,684	12,898,741
Cost of sales		(6,226,135)	(11,165,751)
Gross profit		1,308,549	1,732,990
Administrative expenses		(1,624,230)	(1,743,293)
Other operating income	5	811,864	534,369
Operating profit	6	496,183	524,066
Interest payable and similar expenses	10	(59,244)	(57,097)
Profit before taxation		436,939	466,969
Tax on profit	11	(55,736)	(130,713)
Profit for the financial year and total comprehensive income		<u>381,203</u>	<u>336,256</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Armultra Limited

Statement of financial position

30 September 2020

	Note	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	13		728,556		692,220
Tangible assets	14		1,033,910		828,248
Investments	15		55,225		55,325
			<u>1,817,691</u>		<u>1,575,793</u>
Current assets					
Stocks	16	41,754		18,856	
Debtors	17	2,655,221		5,982,320	
		<u>2,696,975</u>		<u>6,001,176</u>	
Creditors: Amounts falling due within one year	19	<u>(2,861,336)</u>		<u>(4,616,326)</u>	
Net current (liabilities)/assets			<u>(164,361)</u>		<u>1,384,850</u>
Total assets less current liabilities			1,653,330		2,960,643
Creditors: Amounts falling due after more than one year	20		(758,834)		(487,269)
Provisions					
Taxation including deferred tax	22		<u>(124,620)</u>		<u>(84,701)</u>
Net assets			<u>769,876</u>		<u>2,388,673</u>
Capital and reserves					
Called up share capital	27		1,000		1,000
Capital redemption reserve	28		300,000		300,000
Profit and loss account	28		468,876		2,087,673
Shareholders funds			<u>769,876</u>		<u>2,388,673</u>

These financial statements were approved by the board of directors and authorised for issue on 8 June 2021 and are signed on behalf of the board by:

C D Beales
Director



Company registration number: 01923577

The notes on pages 12 to 24 form part of these financial statements.

Armultra Limited

Statement of cash flows

Year ended 30 September 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the financial year		381,203	336,256
<i>Adjustments for:</i>			
Depreciation of tangible assets		122,488	89,783
Amortisation of intangible assets		117,194	101,841
Government grant income		(339,364)	–
Interest payable and similar expenses		59,244	57,097
Loss on disposal of tangible assets		24,912	–
Tax on profit		55,736	130,713
<i>Changes in:</i>			
Stocks		(22,898)	46,050
Trade and other debtors		1,331,756	(1,424,924)
Trade and other creditors		(1,598,723)	1,314,375
Cash generated from operations		131,548	651,191
Interest paid		(59,244)	(57,097)
Tax paid		(15,817)	(56,659)
Net cash from operating activities		<u>56,487</u>	<u>537,435</u>
Cash flows from investing activities			
Purchase of tangible assets		(354,937)	(533,458)
Proceeds from sale of tangible assets		1,875	–
Purchase of intangible assets		(153,530)	(127,927)
Proceeds from sale of subsidiaries		100	–
Net cash used in investing activities		<u>(506,492)</u>	<u>(661,385)</u>
Cash flows from financing activities			
Proceeds from borrowings		500,000	–
Repayments of borrowings		(304,854)	(68,971)
Proceeds from loans from group undertakings		(125,445)	197,861
Government grant income		339,364	–
Payments of finance lease liabilities		(6,746)	(3,374)
Net cash from financing activities		<u>402,319</u>	<u>125,516</u>
Net (decrease)/increase in cash and cash equivalents		(47,686)	1,566
Cash and cash equivalents at beginning of year		(21,722)	(23,288)
Cash and cash equivalents at end of year	18	<u>(69,408)</u>	<u>(21,722)</u>

The notes on pages 12 to 24 form part of these financial statements.

Armultra Limited

Notes to the financial statements

Year ended 30 September 2020

1. General information

These financial statements are for Armultra Limited for the year ended 30 September 2020.

The company is a private company limited by shares, registered in England & Wales and incorporated under the Companies Act 2006. The registered office is Armultra House, Hewett Road, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0RB.

The company's principal activities are the manufacture and sale of bespoke engineering solutions principally for the petrochemical and food industries, specialising in pipework and refrigeration systems.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling.

Going concern

The financial statements have been prepared on a going concern basis.

Along with many businesses the company has experienced difficult trading conditions due to the impact of coronavirus. Management have taken all possible steps to facilitate the continuation of operations throughout the period and for the foreseeable future. Management believe that the measures available to them shall be successful in ensuring the company shall continue to trade. The business also has the continued support of its bankers and shareholders.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Group consolidated accounts are prepared by its immediate parent, Trimpact Limited and are available from the Registrar of Companies. The registered office of Trimpact Limited is Ashby Rectory, Blocka Road, Ashby, Suffolk, NR32 5ND.

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Amounts recoverable on contracts. Amounts recoverable on contracts require management estimates to determine profit allocation in each accounting period. Accounting policies applied are explained in further detail below.
- Capitalisation of development costs and associated amortisation. Management judgements are required to identify and quantify qualifying project costs, as well as to determine policies and periods of amortisation. Accounting policies applied are explained in further detail below.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable in relation to services rendered for bespoke engineering solutions, stated net of discounts and of Value Added Tax.

Invoice discounting

The company has an invoice discounting agreement in place. It is considered that the risks and rewards of ownership are substantially retained by the company as the company is still exposed to the risk of bad debts. Therefore the amounts owed from customers are included as trade debtors, and amounts received from the invoice discounting company are separately accounted for as a liability.

Income tax

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Intangible assets

Intangible assets represent development expenditure, recognised when certain criteria are met, as detailed further below. Initial recognition is at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

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

Development costs - 10% straight line

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Amortisation *(continued)*

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Capitalised development expenditure has not been treated as a realised loss for the purposes of determining the distributable reserves of the company as the directors consider that such costs are genuine assets of the company as it is currently benefitting from previous developments by using them in processes to generate turnover and profits.

Tangible assets

All fixed assets are initially recorded at cost.

Freehold land and buildings are carried at deemed cost, the directors having taken advantage of the transitional provisions of FRS102 at the date of transition of 1 October 2014.

Depreciation

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

Leasehold property improvements	-	10% straight line
Plant and machinery	-	15% reducing balance and straight line
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance and straight line

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Depreciation *(continued)*

The directors have assessed the estimated remaining useful economic life of the freehold property and its expected residual value and consider depreciation to be immaterial and therefore no charge has been made.

Investments

Investments in group undertakings are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price.

Amounts recoverable on contracts

Amounts recoverable on contracts, which includes an element of profit, is measured by reference to the stage of completion of the contract at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable under the accrual model. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Armultra Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

3. Accounting policies (continued)

Financial instruments (continued)

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Construction contracts	<u>7,534,684</u>	<u>12,898,741</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £	2019 £
United Kingdom	6,824,980	12,898,741
Europe	<u>709,704</u>	<u>–</u>
	<u>7,534,684</u>	<u>12,898,741</u>

5. Other operating income

	2020 £	2019 £
Management charges receivable	472,500	530,000
Government grant income	339,364	–
Intercompany loan waiver	<u>–</u>	<u>4,369</u>
	<u>811,864</u>	<u>534,369</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2020 £	2019 £
Amortisation of intangible assets	117,194	101,841
Depreciation of tangible assets	122,488	89,783
Loss on disposal of tangible assets	<u>24,912</u>	<u>–</u>

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>9,800</u>	<u>9,800</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Total number of staff	<u>78</u>	<u>86</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	2,023,545	3,124,377
Social security costs	214,840	344,371
Other pension costs	159,039	172,587
	<u>2,397,424</u>	<u>3,641,335</u>

In addition to the above, a total of £78,025 (2019: £63,094) of wage costs incurred during the year were capitalised as development costs, included in total additions as disclosed at note 13.

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	132,659	299,948
Company contributions to defined contribution pension plans	18,757	12,782
	<u>151,416</u>	<u>312,730</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	87,082	92,000
Company contributions to defined contribution pension plans	18,757	67
	<u>105,839</u>	<u>92,067</u>

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

10. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	14,792	56,746
Interest on obligations under finance leases and hire purchase contracts	702	351
Other interest payable and similar charges	43,750	—
	<u>59,244</u>	<u>57,097</u>

11. Tax on profit

Major components of tax expense

	2020 £	2019 £
Foreign current tax expense	15,817	56,659
Deferred tax:		
Origination and reversal of timing differences	39,919	74,054
Tax on profit	<u>55,736</u>	<u>130,713</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:-

	2020 £	2019 £
Profit on ordinary activities before taxation	<u>436,939</u>	<u>466,969</u>
Profit on ordinary activities by rate of tax	83,018	88,724
Effect of expenses not deductible for tax purposes	409	2,333
Effect of capital allowances and depreciation	26,122	20,042
Effect of revenue exempt from tax	—	(830)
Foreign tax paid	15,818	56,659
Group relief surrendered	—	30,219
Adjustments to deferred tax in respect of previous periods	—	8,841
Effect of R&D claims	(66,625)	(55,065)
Other tax adjusting items	(3,006)	(20,210)
Tax on profit	<u>55,736</u>	<u>130,713</u>

12. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>2,000,000</u>	<u>—</u>

Armultra Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

13. Intangible assets

	Development costs £
Cost	
At 1 October 2019	1,018,407
Additions	153,530
At 30 September 2020	<u>1,171,937</u>
Amortisation	
At 1 October 2019	326,187
Charge for the year	117,194
At 30 September 2020	<u>443,381</u>
Carrying amount	
At 30 September 2020	<u>728,556</u>
At 30 September 2019	<u>692,220</u>

Intangible fixed assets relate to development costs incurred to date for the design and development of new welding procedures.

Amortisation is charged to the income statement, as reported in administrative expenses, so as to write off the cost of the asset, over the useful economic life.

14. Tangible assets

	Leasehold property improvement £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2019	318,636	1,579,061	254,346	600,048	2,752,091
Additions	186,777	55,803	36,436	75,921	354,937
Disposals	–	(55,812)	(20,114)	(66,257)	(142,183)
At 30 September 2020	<u>505,413</u>	<u>1,579,052</u>	<u>270,668</u>	<u>609,712</u>	<u>2,964,845</u>
Depreciation					
At 1 October 2019	5,611	1,258,548	183,133	476,551	1,923,843
Charge for the year	41,403	45,581	7,894	27,610	122,488
Disposals	–	(45,851)	(14,780)	(54,765)	(115,396)
At 30 September 2020	<u>47,014</u>	<u>1,258,278</u>	<u>176,247</u>	<u>449,396</u>	<u>1,930,935</u>
Carrying amount					
At 30 September 2020	<u>458,399</u>	<u>320,774</u>	<u>94,421</u>	<u>160,316</u>	<u>1,033,910</u>
At 30 September 2019	<u>313,025</u>	<u>320,513</u>	<u>71,213</u>	<u>123,497</u>	<u>828,248</u>

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

14. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 30 September 2020	14,689
At 30 September 2019	20,564

15. Investments

	Shares in group undertakings £
Cost	
At 1 October 2019	55,325
Disposals	(100)
At 30 September 2020	55,225
Impairment	
At 1 October 2019 and 30 September 2020	-
Carrying amount	
At 30 September 2020	55,225
At 30 September 2019	55,325

Investments held represent 100% of the ordinary share capital of Lobec Fabrication Services Limited, RoCo Engineering Services Limited and Armultra Resources Limited.

Armultra Resources Limited was dissolved on 17 March 2020 therefore the investment has been disposed of during the year.

Both Lobec Fabrication Services Limited and RoCo Engineering Services Limited are incorporated in England & Wales. Their registered office is Armultra House, Hewett Road, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0RB.

16. Stocks

	2020 £	2019 £
Raw materials and consumables	41,754	18,856

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

17. Debtors

	2020 £	2019 £
Trade debtors	1,436,707	2,314,164
Amounts owed by group undertakings	847,954	2,420,665
Prepayments and accrued income	24,949	8,283
Amounts recoverable on contracts	318,775	1,205,458
Other debtors	26,836	33,750
	<u>2,655,221</u>	<u>5,982,320</u>

Trade debtors represent amounts due from customers and are part of an invoice discounting facility and are subject to a charge as shown in note 19.

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 £	2019 £
Bank overdrafts	<u>(69,408)</u>	<u>(21,722)</u>

19. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	124,018	150,923
Trade creditors	526,471	1,263,522
Amounts owed to group undertakings	160,901	281,689
Accruals and deferred income	147,283	424,841
Social security and other taxes	707,201	394,495
Obligations under finance leases and hire purchase contracts	6,747	6,747
Director loan accounts	150,883	159,457
Invoice discounting facility	1,031,421	1,922,238
Other creditors	6,411	12,414
	<u>2,861,336</u>	<u>4,616,326</u>

Hire purchase creditors are secured on the assets concerned.

The invoice discounting creditor represents net amounts drawn against sales invoices. The amount is secured by a fixed and floating charge over the company's trade debtors.

Bank loans are secured on the assets of the company.

Trimpart Limited, the parent company, is an unlimited guarantor of the company's bank loans and invoice discounting facility.

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

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

	2020 £	2019 £
Bank loans and overdrafts	755,461	477,150
Obligations under finance leases and hire purchase contracts	3,373	10,119
	<u>758,834</u>	<u>487,269</u>

Hire purchase creditors are secured on the assets concerned.

The bank loans are secured on the assets of the company.

Trimpack Limited, the parent company, is an unlimited guarantor of the company's bank loans.

Included within creditors: amounts falling due after more than one year is an amount of £192,349 (2019: £153,049) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

These liabilities represent bank loans undertaken by the company in the financial years ending 30 September 2018 and 30 September 2020.

The loan received during the year ended 30 September 2018 is for a term of 10 years with interest charged at 2.40% per annum.

The loan received during the year ended 30 September 2020 is the CBILS loan and is for a term of 6 years. Interest is charged at 2.27% per annum, which may lower than the market rate of interest due to the support of the Government, however this saving in interest would be immaterial to the accounts.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020 £	2019 £
Not later than 1 year	7,449	7,449
Later than 1 year and not later than 5 years	3,724	11,173
	<u>11,173</u>	<u>18,622</u>
Less: future finance charges	(1,053)	(1,756)
Present value of minimum lease payments	<u>10,120</u>	<u>16,866</u>

22. Provisions

	Deferred tax (note 23) £
At 1 October 2019	84,701
Additions	39,919
At 30 September 2020	<u>124,620</u>

Armultra Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020 £	2019 £
Included in provisions (note 22)	<u>124,620</u>	<u>84,701</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Accelerated capital allowances	129,959	104,373
Unused tax losses	(4,817)	(18,926)
Other adjusting items	<u>(522)</u>	<u>(746)</u>
	<u>124,620</u>	<u>84,701</u>

Of the deferred tax provision, £9,487 is expected to reverse in the next year.

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £159,039 (2019: £172,587).

25. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020 £	2019 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>339,364</u>	<u>–</u>

During the year to 30 September 2020, the company has received support in reference to the coronavirus pandemic the form of various government grants. A total of £339,364 (2019: £nil) has been received as Job Retention Scheme incomes. These have been recognised directly in the income statement, in other operating income.

26. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost		
Total	<u>2,262,865</u>	<u>6,029,362</u>
Financial liabilities measured at amortised cost		
Total	<u>2,962,837</u>	<u>4,709,100</u>

Armultra Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

27. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

28. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

29. Analysis of changes in net debt

	At 1 October 2019	Cash flows	At 30 September 2020
	£	£	£
Bank overdrafts	(21,722)	(47,686)	(69,408)
Debt due within one year	(577,094)	203,953	(373,141)
Debt due after one year	<u>(487,269)</u>	<u>(271,565)</u>	<u>(758,834)</u>
	<u>(1,086,085)</u>	<u>(115,298)</u>	<u>(1,201,383)</u>

30. Contingencies

The company has guaranteed the bank loans and overdraft of Trimpact Limited, the parent company. The balance outstanding at 30 September 2020 was £84,410 (2019: £207,310). No liability is expected to arise under this guarantee.

31. Related party transactions

Transactions with group companies

The company has taken advantage of the exemption conferred by FRS 102 from disclosing transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Transactions with directors

The company operates loan accounts with the directors. During the year interest of £43,750 (2019: £nil) was charged in relation to directors' loans. At the year end the balance owed to the directors was £115,883 (2019: £159,457).

Key management personnel are considered to be the directors and their remuneration is disclosed in note 9.

32. Controlling party

The parent company and controlling party is Trimpact Limited, a company registered in England and Wales. The registered office of Trimpact Limited is Ashby Rectory, Blocka Road, Ashby, Suffolk, NR32 5ND. The group consolidated accounts are available from the Registrar of Companies.