Registration number: 01962034

Armfield Limited

Directors Report and Financial Statements

for the year ended 31 December 2021

Armfield Limited

Company information

Directors	Dr S Gregory (Managing Director) Mr N Barnes Mr D Cicurel Mr A Kay Mr M Lavelle (Chairman) Mr B Ormsby
Secretary	Mr G Reece
Company number	01962034
Registered Office	52c Borough High Street London SE1 1XN
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 30 Finsbury Square London EC2A 1AG

Armfield Limited

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Directors' report for the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year continued to be that of the design and supply of research and training equipment for use mainly in the fields of water resource engineering, process engineering and food technology. The statement of comprehensive income is set out on page 7 and shows the performance for the year. The directors remain confident in the company's position in the market place and that it will continue to remain strong and profitable through forward looking management and operational planning.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. See the Going concern accounting policy on page 10 for more details.

Directors

The directors who served during the year are as stated below:

Dr S Gregory (Managing Director)
Mr N Barnes
Mr D Cicurel
Mr A Kay
Mr M Lavelle (Chairman)
Mr B Ormsby

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Armfield Limited

Directors' report for the year ended 31 December 2021

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.

The directors confirm that:

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

Auditor

We will be appointing a new auditor for the audit of the 2022 financial statements following an extensive tender process in the second half of 2021. The Auditor, BDO UK LLP, has expressed a willingness to be appointed. In accordance with section 489(4) of the Companies Act 2006, a resolution to appoint BDO UK LLP will be proposed at the Annual General Meeting.

This report was approved by the board on 22 March 2022 and signed on its behalf by:

Glynn Reece

Mr G Reece
Secretary

Armfield Limited
Company Registration Number: 01962034

Armfield Limited

Independent Auditor's Report to the members of Armfield Limited

Opinion

We have audited the financial statements of Armfield Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework', 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 2021 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

We are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Armfield Limited

Independent Auditor's Report to the members of Armfield Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report set out on pages 1 to 2 but does not include 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.

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 Directors' report for the financial year for which the financial statements is prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Armfield Limited

Independent Auditor's Report to the members of Armfield Limited

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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.

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

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the company is complying with the legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes (where available) and review of legal and professional fees incurred in the year;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant in the context of the Company are those related to the financial reporting framework, being FRS 101 and the Companies Act 2006;
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;

Armfield Limited

Independent Auditor's Report to the members of Armfield Limited

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risk was in relation to revenue recognition;
- Our audit procedures included:
  - obtaining an understanding of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material manual journals, including those with unusual account combinations
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - testing the completeness of the Company's related party transactions;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and accounts with the applicable financial reporting framework requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement Partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through assessment of the team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
  - knowledge of the industry in which the client operates.

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.

Grant Thornton UK LLP

Anthony Thomas
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
22 March 2022

Armfield Limited

Statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	1	**6,975,305**	8,879,580
Raw materials and consumables		**(3,913,264)**	(4,686,151)
Other external charges		**(1,065,788)**	(1,529,507)
Staff costs	2	**(2,392,041)**	(2,558,912)
Depreciation		**(229,371)**	(205,105)
Amortisation		**(4,361)**	-
Other operating income	3	**118,697**	348,209
Operating (loss)/profit	4	**(510,823)**	248,114
Income from share in group undertaking		**-**	869,969
Impairment of investment in group undertaking	10	**(188,667)**	-
Interest receivable and similar income		**-**	3
Interest payable and similar charges	5	**(92,731)**	(106,530)
(Loss)/profit on ordinary activities before taxation		**(792,221)**	1,011,556
Tax on (loss)/profit on ordinary activities	6	**238,793**	87,812
(Loss)/profit for the financial year		**(553,428)**	1,099,368
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Retirement benefits actuarial gain/(loss)		**1,239,270**	(1,091,900)
Other comprehensive gain/(loss) for the year, net of tax		**1,239,270**	(1,091,900)
Total comprehensive income for the year		**685,842**	7,468

All of the activities of the company are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Armfield Limited

Balance sheet as at 31 December 2021

	Notes		2021		2020
		£	£	£	£
Fixed assets					
Tangible assets	7		**277,458**		223,133
Right-of-use leased assets	8		**1,024,457**		1,103,536
Intangible assets	9		**74,132**		-
Investments	10		**187,153**		187,153
			1,563,200		1,513,822
Current assets					
Stock	11	**1,989,216**		1,991,217	
Debtors	12	**1,369,502**		1,164,053	
Cash at bank and in hand		**958,419**		1,775,523	
		4,317,137		4,930,793	
Creditors: amounts falling due within one year					
Trade and other creditors	13	**(1,975,905)**		(1,481,815)	
Right-of-use lease liabilities	16	**(117,923)**		(114,398)	
		(2,093,828)		(1,596,213)	
Net current assets			**2,223,309**		3,334,580
Total assets less current liabilities			**3,786,509**		4,848,402
Creditors: amounts falling due after more than one year	14		**(180,000)**		(180,000)
Deferred tax	15		**4,929**		6,450
Right-of-use lease liabilities: amounts falling due after more than one year	16		**(953,989)**		(1,027,295)
Total net assets excluding pension liability			**2,657,449**		3,647,557
Net pension liability	17		**(993,000)**		(2,668,950)
Total net assets			**1,664,449**		978,607
Capital and reserves					
Called up share capital	18		**101,818**		101,818
Share premium			**726,182**		726,182
Profit and loss account			**836,449**		150,607
Shareholders' funds – all equity			**1,664,449**		978,607

The financial statements were approved by the board of directors on 22 March 2022 and signed on its behalf by:

Brad Ormsby

Mr B Ormsby
Director

The accompanying notes form an integral part of these financial statements.

Armfield Limited

Statement of changes in equity for the year ended 31 December 2021

	Share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2021	**101,818**	**726,182**	**150,607**	**978,607**
Loss for the year	-	-	(553,428)	(553,428)
Actuarial gain recognised on defined benefit pension scheme	-	-	1,445,000	1,445,000
Deferred tax relating to actuarial gain on pension scheme	-	-	(205,730)	(205,730)
Total comprehensive income for the year	**-**	**-**	**685,842**	**685,842**
Balance at 31 December 2021	**101,818**	**726,182**	**836,449**	**1,664,449**
Balance at 1 January 2020	**101,818**	**726,182**	**143,139**	**971,139**
Profit for the year	-	-	1,099,368	1,099,368
Actuarial loss recognised on defined benefit pension scheme	-	-	(1,378,000)	(1,378,000)
Deferred tax relating to actuarial loss on pension scheme	-	-	286,100	286,100
Total comprehensive income for the year	**-**	**-**	**7,468**	**7,468**
Balance at 31 December 2020	**101,818**	**726,182**	**150,607**	**978,607**

Armfield Limited

Statement of accounting policies

General information

Armfield Limited is a company limited by shares. It was incorporated in England and its registered office is 52c Borough High Street, London, SE1 1XN. The principal activity of the company during the year was that of the design and supply of research and training equipment for use mainly in the fields of water resource engineering, process engineering and food technology.

Statement of compliance

The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and are presented in Sterling (£).

Basis of preparation

The company meets the definition of a qualifying entity under FRS 101. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, share based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly-owned members of the group and key management personnel compensation. Equivalent disclosures are, where required, given in the group accounts of Judges Scientific plc. The group accounts of Judges Scientific plc are available to the public.

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

Going concern

The financial statements have been prepared on a going concern basis. The company ended 2021 with cash of £958,419, compared with cash of £1,775,523 at the end of 2020.

The directors have considered the ongoing impact of the COVID-19 pandemic, and potential impacts of Brexit and the events in Ukraine. The company's financial position remains robust, with sufficient cash and a strong order book. The directors have also performed reasonably possible stress testing on forecast cashflows, considering potential scenarios from the pandemic, Brexit and Ukraine and, as a result, consider that the company is appropriately placed to manage its business risks.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered the period until the end of March 2023 and therefore they continue to adopt the going concern basis in preparing the financial statements.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Armfield Limited

Statement of accounting policies

Judgements in applying accounting policies

- Capitalisation of development costs: Expenditure incurred in the development of major new products is capitalised as internally generated intangible assets only when it has been judged that strict criteria are met, specifically in relation to the products' technical feasibility and commercial viability (the ability to generate probable future economic benefits for the company). The assessment of technical feasibility and future commercial viability of development projects requires significant judgement particularly around whether a product in development will have a sufficient appeal to its niche market and also the level of marketplace competition. During 2021 the company capitalised £78,493 of expenditure on new or significantly improved products (2020: £nil), as per note 9.

Sources of estimation uncertainty

- Stock is carried at the lower of cost and net realisable value which requires an estimation of products' future selling prices. A provision is also recorded to reduce any slow-moving, obsolete or demonstration stock to net realisable value.
- Depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- Warranty provisions are based on estimates of the likely cost of repairing or replacing faulty units.
- The carrying value of investments is assessed based on the current trading performance, the expected future performance and net assets of the investment.
- Retirement benefits: Determining the value of the future defined benefit obligation involves significant estimates in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. The company uses previous experience and independent actuarial advice to select the values for critical estimates. See note 17 for additional information.

The principal accounting policies are set out below.

Turnover

In accordance with IFRS 15 'Revenues from Contracts with Customers', turnover is measured by reference to the fair value of consideration received or receivable by the company, excluding value added tax, in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spares, and sales of services, such as non-specialised installation and training, extended warranty, maintenance and service, contract testing, software licenses or consultancy are assessed to be separate performance obligations.

Turnover is recognised when (or as) the company satisfies the identified performance obligation. For sales of instruments, spares, installation, and one-off services the performance obligation is satisfied at a point in time; for turnover from other services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the company does not adjust turnover for the effects of financing.

Turnover from sales of instruments and spares is recognised at the point at which the customer obtains control of the asset, which is on the point of despatch to the customer. Turnover from installations and one-off services is recognised at the point at which the installation or service is completed. For large, complex instruments which require highly specialised installation, turnover from both the instrument and installation is recognised at the point at which installation is completed.

Turnover from extended warranty, maintenance and testing contracts and software licenses is recognised rateably as the performance obligation to the customer is satisfied.

Armfield Limited

Statement of accounting policies

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost. Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Demonstration equipment:	50% straight line on cost
Computer equipment:	33% straight line on cost
Fixtures, fittings and equipment:	15% straight line on cost
Motor vehicles:	25% straight line on cost

Leasing

In accordance with IFRS 16, any contract entered into which contains an identified asset, whose use the company has the right to direct throughout the period of the lease, and the right to obtain substantially all of the economic benefits from, is accounted for as a lease. At lease commencement date, the company recognises a right-of-use leased asset and a lease liability on the balance sheet. The lease liability is measured at the present value of the total lease payments due over the life of the lease, discounted using the interest rate implicit in the lease if readily available, or at the company's incremental borrowing rate. The right-of-use asset is measured at cost, being the lease liability, plus any initial direct costs incurred by the company, or lease payments made in advance of the commencement date.

Right-of-use assets are depreciated on a straight-line basis to the end of the lease term.

The company assesses the right-of-use asset for impairment when such indicators exist. Lease liabilities are remeasured to reflect any reassessment or modification of the lease – when the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use leased asset, or in the statement of comprehensive income if the asset is already reduced to zero.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Debtors

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

Creditors

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction. All differences are taken to the statement of comprehensive income.

Armfield Limited

Statement of accounting policies

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of those temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except:

- where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or
- where items are recognised in other comprehensive income, in which case the related deferred tax is recognised in other comprehensive income.

Research and development

Research and development expenditure is recognised in the statement of comprehensive income as an expense as incurred until it can be demonstrated that the conditions for capitalisation under IAS 38 apply.

The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the company has sufficient resources to complete development and the asset will generate probable future economic benefit. Assets capitalised are amortised on a straight line basis over three years from the start of the commercial sales life.

Provisions for warranty claims

Provisions for warranty claims are recognised when; the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted where the time value of money is material.

Government grants

Government grants are recognised at their fair value in the statement of comprehensive income over the same period as the costs to which the grants relate, and is only recognised once there is a reasonable assurance that the company has complied with the conditions of the grant and that the grant will be received.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Armfield Limited

Statement of accounting policies

Group accounts

These financial statements contain information about Armfield Limited as an individual company and do not contain consolidated information as the parent of a group. The company is entitled to an exemption under Section 400 of the Companies Act 2006 from the obligation to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Judges Scientific plc, a company registered in the UK.

Post employment benefit plans

Defined benefit plans
Under the Company's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

Defined contribution plans
The company operates a defined contribution pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Profit and loss account" represents retained profits and losses.

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

1. REVENUE

Turnover attributable to geographical markets outside the United Kingdom amounted to 83% for the year (2020: 93%).

Turnover of £6,975,305 (2020: £8,879,580) includes £6,627,311 (2020: £8,365,061) in respect of the sale of goods, recognised at a point in time and £347,994 (2020: £514,519) in respect of the sale of services, recognised at a point in time.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2021	2020
Staff costs (including directors)	**£**	£
Wages and salaries	**2,007,236**	2,134,009
Social security costs	**175,595**	191,443
Other pension costs	**240,718**	233,460
Capitalised development costs	**(31,508)**	-
	2,392,041	2,558,912

Average number of persons employed:	**No.**	No.
Directors	**6**	5
Manufacturing	**7**	6
Sales and administration	**40**	43
	53	54

Directors' emoluments:	**£**	£
Emoluments	**182,488**	267,520
Compensation for loss of office	**-**	53,710
Defined contribution pension scheme contributions	**9,970**	14,908
	192,458	336,138

During the year two directors participated in a money purchase pension scheme (2020: Two).

Emoluments of the highest paid director:	**£**	£
Emoluments	**107,278**	133,193
Compensation for loss of office	**-**	53,710
Defined contribution pension scheme contributions	**5,520**	7,320
	112,798	194,223

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

3. OTHER OPERATING INCOME

	2021	2020
	£	£
Foreign exchange differences	**65,335**	267,748
Profit on disposal of tangible fixed assets	**21,249**	792
Income from government grants	**32,113**	79,669
	118,697	348,209

Income from government grants relates to claims made under the UK government's Coronavirus Job Retention Scheme.

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):	2021	2020
	£	£
Depreciation of owned fixed assets	**97,087**	76,058
Depreciation of right-of-use leased assets	**132,284**	129,047
Amortisation of intangible assets	**4,361**	-
Auditor's remuneration – audit	**15,953**	15,193
Research and development	**706,435**	984,497
Profit on disposal of tangible fixed assets	**(21,249)**	(792)
Foreign exchange	**(65,335)**	(267,748)

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Judges Scientific plc, are required to disclose non-audit fees on a consolidated basis.

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges

	2021	2020
	£	£
Interest payable on right-of-use lease liabilities	**44,596**	53,495
Defined benefit pension scheme finance costs	**48,000**	53,000
Other interest payable	**135**	35
	92,731	106,530

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Analysis of credit in year:	**2021**	2020
	£	£
Current tax		
Current tax on profits for the year	**(239,666)**	(102,088)
Adjustment in respect of prior years	**(648)**	13,726
Total current tax	**(240,314)**	(88,362)
Deferred tax		
Current tax on profits for the year	**13,732**	19,419
Adjustment in respect of prior years	**(645)**	(291)
Effect of changes in tax rates	**(11,566)**	(18,578)
	1,521	550
Tax per statement of comprehensive income	**(238,793)**	(87,812)
Other comprehensive income items		
Deferred tax current year charge/(credit)	**205,730**	(286,100)

The credit for the year can be reconciled to the (loss)/profit per the statement of comprehensive income as follows:

	2021	2020
	£	£
(Loss)/profit on ordinary activities before tax	**(792,221)**	1,011,556
Tax on (loss)/ profit at standard UK tax rate of 19% (2020: 19%)	**(150,522)**	192,196
Effect of:		
Expenses not deductible	**462**	3,482
Income not taxable	**-**	(165,294)
Tax rate changes	**(11,566)**	(18,578)
R&D tax relief	**(75,323)**	(83,618)
Tax effect of super deduction	**(551)**	-
Exercise of share options	**-**	(29,435)
Adjustments in respect of prior years	**(1,293)**	13,435
Tax per statement of comprehensive income	**(238,793)**	(87,812)

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021	142,203	583,044	247,754	973,001
Additions	-	147,397	4,015	151,412
Disposals	(32,000)	(2,538)	-	(34,538)
At 31 December 2021	**110,203**	**727,903**	**251,769**	**1,089,875**
Depreciation				
At 1 January 2021	142,203	406,421	201,244	749,868
Charge for the year	-	69,561	27,526	97,087
Disposals	(32,000)	(2,538)	-	(34,538)
At 31 December 2021	**110,203**	**473,444**	**228,770**	**812,417**
Net book value				
At 31 December 2021	**-**	**254,459**	**22,999**	**277,458**
At 31 December 2020	-	176,623	46,510	223,133

8. RIGHT-OF-USE LEASED ASSETS

	Leasehold land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 January 2021	1,255,465	25,167	1,280,632
Additions	-	57,256	57,256
Exit from lease	-	(25,167)	(25,167)
At 31 December 2021	**1,255,465**	**57,256**	**1,312,721**
Depreciation			
At 1 January 2021	161,996	15,100	177,096
Charge for the year	121,497	10,787	132,284
Exit from lease	-	(21,116)	(21,116)
At 31 December 2021	**283,493**	**4,771**	**288,264**
Net book value			
At 31 December 2021	**971,972**	**52,485**	**1,024,457**
At 31 December 2020	1,093,469	10,067	1,103,536

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

9. INTANGIBLE FIXED ASSETS

	Development costs	Total
	£	£
Cost		
At 1 January 2021	-	-
Additions	78,493	78,493
At 31 December 2021	**78,493**	**78,493**
Amortisation		
At 1 January 2021	-	-
Charge for the year	4,361	4,361
At 31 December 2021	**4,361**	**4,361**
Net book value		
At 31 December 2021	**74,132**	**74,132**
At 31 December 2020	-	-

10. FIXED ASSET INVESTMENTS

Subsidiary undertakings	**£**
Net book value – 1 January 2021	187,153
Acquisition	188,667
Impairment	(188,667)
Net book value – 31 December 2021	**187,153**

On 28 June 2021 the Company acquired 100% of the issued share capital of RJ Lewis Limited, a company which manufactures moulded components. Subsequent to the acquisition, the business, assets and liabilities of RJ Lewis Limited were transferred to the Company. Following this transfer, the investment was fully impaired.

The original investment in 'Armfield' companies was £1,455,153. The investments in those companies above is net of an impairment in value of £1,268,000 which arose following a transfer to the company of the business, assets and liabilities of Armfield Technical Education Company Limited and was charged to the profit and loss account in the year ended 31 December 1989.

Undertaking	**Holding**	**Proportion of voting rights and shares held**	**Principal activity**
Subsidiary undertakings			
Armfield Inc. (incorporated in USA)	Common shares	100%	Distribution of research and training equipment
Armfield Technical Education Company Limited	Ordinary	100%	Dormant
RJ Lewis Limited	Ordinary	100%	Manufacture of moulded components

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

11. STOCK

	2021	2020
	£	£
Components	**1,077,553**	1,259,543
Finished goods	**911,663**	731,674
	1,989,216	1,991,217

In 2021, a total of £3,913,264 of inventories was included in the statement of comprehensive income as an expense (2020: £4,686,151). This includes a charge of £170,000 (2020: £146,974) resulting from write-downs of inventories. All inventories form part of the assets pledged as security in respect of bank loans.

12. DEBTORS

	2021	2020
	£	£
Trade debtors	**927,230**	943,800
Other debtors	**67,416**	36,549
Amounts due from group companies	**328,983**	119,137
Prepayments	**45,873**	64,567
	1,369,502	1,164,053

Trade debtors are stated after a provision of £nil (2020: £nil).

13. CREDITORS

	2021	2020
	£	£
Amounts falling due within one year		
Trade creditors	**307,878**	649,557
Amounts owed to group companies	**378,766**	3,617
Other creditors	**148,723**	79,706
Social security and other taxes	**56,874**	48,672
Accruals and deferred income	**1,083,664**	700,263
	1,975,905	1,481,815

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Amounts owed to group undertakings	**180,000**	180,000

15. DEFERRED TAX

	£
At 1 January 2021	6,450
Charge for the year	(2,166)
Prior year adjustment	645
At 31 December 2021	4,929

Finance Act 2021 which was substantively enacted on 24 May 2021 included provisions to increase the corporation tax rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax at the year end (2020: 19%). The amounts provided in respect of deferred tax relate to accelerated capital allowances.

16. RIGHT-OF-USE LEASE LIABILITIES

The company has lease liabilities for its premises used in operations.

Maturity of right-of-use lease liabilities:	**2021**	2020
	£	£
Due within one year	**167,648**	162,228
Due between one and five years	**664,266**	623,232
Due after more than five years	**425,352**	584,213
Total commitment	**1,257,266**	1,369,673
Interest charges included above	(185,354)	(227,980)
Net present value of lease liabilities	**1,071,912**	1,141,693
Current	117,923	114,398
Non-current	953,989	1,027,295

17. PENSION SCHEMES

Defined contribution pension scheme
The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £240,718 (2020: £250,346).

Defined benefit pension scheme
The company operates a pension scheme providing benefits based on final pensionable pay. A full actuarial valuation was carried out as at 31 March 2020 and the retirement benefit liability was independently revalued as at 31 December 2021.

The scheme has been closed to new members from 2001 and closed to new accrual in 2006. The average duration of the plan's liabilities has been calculated to be approximately 18 years. The trustees are drawn partly from Armfield's employees and also from nominees of the Judges Group.

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

17. PENSION SCHEMES (continued)

The full actuarial valuation carried out as at 31 March 2020 was in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the company and the pension trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions. It was agreed with the trustees that annual contributions be increased to £400,000 with a 2.5% annual inflationary increase thereafter to eliminate the existing deficit over a period of nine years. The next full actuarial valuation will be carried out no later than 31 March 2023. The asset investment strategy is the responsibility of the trustees. There were 4 insured pensions which were separately valued at £270,000 as at 31 December 2021. These pensions do not affect the overall valuation as they are a liability with a fully insured offsetting asset.

Contributions payable to the pension scheme at the end of the year are £nil (2020: £nil). The total contributions in the next year are expected to be £420,250 (2020: £574,000, which includes a top up from £236,000 to £400,000 in the period to 31 March 2021, and the agreed annual payment of £410,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised
The amounts recognised in the balance sheet are as follows:

	2021	2020
	£	£
Fair value of plan assets	**7,936,000**	6,874,000
Present value of defined benefit obligation	**(9,260,000)**	(10,169,000)
Deficit in scheme	**(1,324,000)**	(3,295,000)
Deferred tax	**331,000**	626,050
Net retirement benefit obligation	**(993,000)**	(2,668,950)

Scheme assets	**2021**	2020
Changes in the fair value of plan assets:	**£**	£
At start of year	**6,874,000**	6,349,000
Interest income	**95,000**	134,000
Return on plan assets (excluding amounts in interest income)	**569,000**	322,000
Contributions by the company	**574,000**	236,000
Expenses	**(7,000)**	(1,000)
Benefits paid	**(169,000)**	(166,000)
At end of year	**7,936,000**	6,874,000

The actual return on plan assets of the year ended 31 December 2021 was £664,000 (2020: £456,000).

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

17. PENSION SCHEMES (continued)

Scheme liabilities Changes in the fair value of defined benefit pension obligations:	**2021** **£**	2020 £
At start of year	**10,169,000**	8,449,000
Past service cost	**-**	10,000
Interest expense	**136,000**	176,000
Actuarial (gains)/losses due to scheme experience	**(6,000)**	136,000
Actuarial (gains)/losses due to changes in demographic assumptions	**(72,000)**	211,000
Actuarial (gains)/losses due to financial assumptions	**(798,000)**	1,353,000
Benefits paid	**(169,000)**	(166,000)
At end of year	**9,260,000**	10,169,000

There were no plan amendments, curtailments or settlements in the above years. The estimated Guaranteed Minimum Pension ("GMP") equalisation impact, which would equalise for the different effects of GMPs between men and women, is expected to have no material impact on the defined benefit obligation above.

Analysis of assets	**2021** **£**	2020 £	2019 £
Quoted equities	**4,578,000**	3,570,000	3,423,000
Bonds	**3,086,000**	2,598,000	2,421,000
Property	**-**	498,000	495,000
Cash and other assets	**272,000**	208,000	10,000
	7,936,000	6,874,000	6,349,000

Principal actuarial assumptions	**2021** **%**	2020 %
Discount rate	**1.90**	1.35
Inflation rate (RPI)	**3.50**	3.10
Inflation rate (CPI)	**2.80**	2.30
In payment pension increases	**3.55**	3.35
In deferment pension increases	**5.00**	5.00

The mortality assumptions used in valuing the liabilities of the plan are based 100% on the standard tables S3PxA, projected using the CMI 2019 model with a 1.25% per annum long-term rate of improvement for males and a 1.00% per annum long-term rate of improvement for females.

17. PENSION SCHEMES (continued)

The life expectancies assumed are as follows:

	31 December 2021 Life expectancy at age 65 (years)	31 December 2020 Life expectancy at age 65 (years)
Male retiring in 2021	**22.1**	22.1
Female retiring in 2021	**24.3**	24.2
Male retiring in 2041	**23.4**	23.4
Female retiring in 2041	**25.4**	25.4

Sensitivity
The significant actuarial assumptions in determining the defined benefit obligation are the discount rate, the rate of mortality and rate of inflation. Changes to these actuarial assumptions may impact this obligation as follows:

	31 December 2021 Change in liabilities £	31 December 2020 Change in liabilities £
Discount rate – decrease by 0.25% per annum	**423,000**	500,000
Inflation rate – increase of 0.25% per annum	**42,000**	91,000
Mortality rate – increase of one year in life expectancy	**400,000**	456,000

The above shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant). The sensitivity analysis may not be representative of the actual change in the obligation as it is unlikely that any change in assumption would happen in isolation.

Risk management
There is a risk that changes in discount rates, price inflation, asset returns and/or mortality assumptions could lead to a materially greater deficit. Given the long term time horizon of the pension plan cash flows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions. A higher pension deficit could directly impact the company credit rating and may lead to additional funding requirements in future years. Any deficit relative to the actuarial liability for funding purposes, which may differ from the funding position on an accounting basis, will generally be financed over a period that ensures the contributions are reasonably affordable to the company and in line with local regulations.

18. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
101,818 Ordinary shares of £1 each	**101,818**	101,818

Armfield Limited

Notes to the financial statements for the year ended 31 December 2021

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Judges Scientific plc, the company is exempt from the requirements of FRS101 to disclose transactions within the group.

20. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is Judges Scientific plc, which is incorporated in England and Wales. The only group undertaking for which consolidated accounts are prepared is that headed by Judges Scientific plc. Bank loans advanced to or guaranteed by Judges Scientific plc amounting at 31 December 2021 to £17,007,750 (2020: £21,214,750) are secured on the company's assets.