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**Registration number: 01962034**

# **Armfield Limited**

**Directors Report and Financial Statements**

**for the year ended 31 December 2022**

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## **Armfield Limited**

### **Company information**

<b>Directors</b>	Dr S Gregory (Managing Director) Mr N Barnes Mr D Cicurel Mr A Kay Mr M Lavelle (Chairman) Mr B Ormsby
<b>Secretary</b>	Mr G Reece
<b>Company number</b>	01962034
<b>Registered Office</b>	52c Borough High Street London SE1 1XN
<b>Auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

## **Armfield Limited**

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## **Armfield Limited**

### **Directors' report for the year ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

#### **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 6 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 improve profitability through forward looking management and operational planning.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The company ended 2022 with cash of £250,698, compared with cash of £958,419 at the end of 2021.

The directors have considered the ongoing impact of the war in Ukraine, the COVID-19 pandemic, and the recent increases in interest rates. The company's financial position remains robust, with sufficient cash, no debt and a satisfactory order book. The directors have also performed reasonably possible stress testing on forecast cashflows, considering potential scenarios from Ukraine and the pandemic 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 2024 and therefore they continue to adopt the going concern basis in preparing the financial statements.

#### **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:

## **Armfield Limited**

### **Directors' report for the year ended 31 December 2022**

- 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.

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.

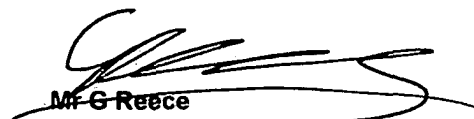
The directors confirm that:

- 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**

In accordance with section 489(4) of the Companies Act 2006, a resolution to appoint BDO LLP as auditors was approved at the Annual General Meeting during the year, following an extensive tender process. In accordance with section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditor 28 days after these financial statements are sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

This report was approved by the board on 21 March 2023 and signed on its behalf by:



**Mr G Reece**  
Secretary

**Armfield Limited**  
**Company Registration Number: 01962034**

## **Armfield Limited**

### **Independent Auditor's Report to the members of Armfield Limited**

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

We have audited the financial statements of Armfield Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

## **Armfield Limited**

### **Independent Auditor's Report to the members of Armfield Limited**

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

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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

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.

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, or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, 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.

## Armfield Limited

### Independent Auditor's Report to the members of Armfield Limited

#### *Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates, through discussion with management and our knowledge of the industry. We focused on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice), Health and Safety, the Bribery Act 2010 and tax legislation
- We considered compliance with these laws and regulations through discussions with management
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud, including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria
- We performed detailed testing of the entity's year end adjusting entries and journals made throughout the year, investigated any that appeared unusual as to the nature or amount; assessed whether the judgements made in accounting estimates were indicative of a potential bias and tested the application of cut-off in revenue recognition
- We remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit

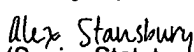
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

#### 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.

DocuSigned by:

 Alex Stansbury

Alex Stansbury (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton, UK  
21 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## Armfield Limited

### Statement of comprehensive income for the year ended 31 December 2022

		2022 £	2021 £
	Notes		
<b>Turnover</b>	<b>1</b>	<b>7,125,817</b>	<b>6,975,305</b>
Raw materials and consumables		(3,640,646)	(3,913,264)
Other external charges		(1,125,622)	(1,065,788)
Staff costs	<b>2</b>	<b>(3,151,190)</b>	<b>(2,392,041)</b>
Depreciation		(227,458)	(229,371)
Amortisation		(26,124)	(4,361)
Other operating income	<b>3</b>	<b>298,631</b>	<b>118,697</b>
<b>Operating loss</b>	<b>4</b>	<b>(746,592)</b>	<b>(510,823)</b>
Impairment of investment in group undertaking	<b>10</b>	-	(188,667)
Interest payable and similar charges	<b>5</b>	<b>(69,455)</b>	<b>(92,731)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(816,047)</b>	<b>(792,221)</b>
Tax on loss on ordinary activities	<b>6</b>	<b>139,378</b>	<b>238,793</b>
<b>Loss for the financial year</b>		<b>(676,669)</b>	<b>(553,428)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Retirement benefits actuarial gain		2,136,000	1,445,000
Deferred tax on retirement benefits actuarial gain		(534,000)	(205,730)
<b>Other comprehensive gain for the year, net of tax</b>		<b>1,602,000</b>	<b>1,239,270</b>
<b>Total comprehensive income for the year</b>		<b>925,331</b>	<b>685,842</b>

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 2022

		2022		2021 (as restated)
	Notes	£	£	£
<b>Fixed assets</b>				
Tangible assets	7	303,441		277,458
Right-of-use leased assets	8	891,509		1,024,457
Intangible assets	9	54,008		74,132
Pension asset	17	1,206,000		-
Deferred tax asset	15	-		335,929
Investments	10	187,153		187,153
		<u>2,642,111</u>		<u>1,899,129</u>
<b>Current assets</b>				
Stock	11	3,864,212	1,989,216	
Debtors	12	1,444,798	1,369,502	
Cash at bank and in hand		250,698	958,419	
		<u>5,559,708</u>	<u>4,317,137</u>	
<b>Creditors: amounts falling due within one year</b>				
Trade and other creditors	13	(4,196,984)	(1,975,905)	
Right-of-use lease liabilities	16	(129,717)	(117,923)	
		<u>(4,326,701)</u>	<u>(2,093,828)</u>	
<b>Net current assets</b>		<u>1,233,007</u>		<u>2,223,309</u>
<b>Total assets less current liabilities</b>		<b>3,875,118</b>		<b>4,122,438</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(180,000)</b>		<b>(180,000)</b>
Deferred tax liability	15	(277,335)		-
Right-of-use lease liabilities: amounts falling due after more than one year	16	(811,734)		(953,989)
Pension liability	17	-		(1,324,000)
<b>Total net assets</b>		<u><b>2,606,049</b></u>		<u><b>1,664,449</b></u>
<b>Capital and reserves</b>				
Called up share capital	18	101,818		101,818
Share premium		726,182		726,182
Profit and loss account		1,778,049		836,449
<b>Shareholders' funds – all equity</b>		<u><b>2,606,049</b></u>		<u><b>1,664,449</b></u>

The financial statements were approved by the board of directors on 21 March 2023 and signed on its behalf by:

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 2022

	Share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
<b>Balance at 1 January 2022</b>	<b>101,818</b>	<b>726,182</b>	<b>836,449</b>	<b>1,664,449</b>
Deferred tax on share options	-	-	16,269	16,269
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>16,269</b>	<b>16,269</b>
Loss for the year	-	-	(676,669)	(676,669)
Actuarial gain recognised on defined benefit pension scheme	-	-	2,136,000	2,136,000
Deferred tax relating to actuarial gain on pension scheme	-	-	(534,000)	(534,000)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>925,331</b>	<b>925,331</b>
<b>Balance at 31 December 2022</b>	<b>101,818</b>	<b>726,182</b>	<b>1,778,049</b>	<b>2,606,049</b>
<b>Balance at 1 January 2021</b>	<b>101,818</b>	<b>726,182</b>	<b>150,607</b>	<b>978,607</b>
Loss for the year	-	-	(553,427)	(553,427)
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)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>685,483</b>	<b>685,483</b>
<b>Balance at 31 December 2021</b>	<b>101,818</b>	<b>726,182</b>	<b>836,449</b>	<b>1,664,449</b>

## **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 2022 with cash of £250,698, compared with cash of £958,419 at the end of 2021.

The directors have considered the ongoing impact of the war in Ukraine, the COVID-19 pandemic, and the recent increases in interest rates. The company's financial position remains robust, with sufficient cash, no debt and a satisfactory order book. The directors have also performed reasonably possible stress testing on forecast cashflows, considering potential scenarios from Ukraine and the pandemic 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 2024 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 2022 the company capitalised £6,000 of expenditure on new or significantly improved products (2021: £78,493), 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;
- The company's incremental borrowing rate used in the calculation of right-of-use lease liabilities is based on estimates of borrowing risk premiums;
- 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 at 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 ratably 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

Material residual value estimates and expected useful lives are updated as required but at least annually.

#### **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**

Debtors are recognised and carried at the original invoice amount less a provision for uncollectable amounts. An estimate of uncollectable amounts is made on initial recognition of each receivable and updated should collection of the amount become no longer probable. The Group uses historical experience and external information to determine the need for, and quantum of, any such provision. Uncollectable amounts are written off to the Consolidated Statement of Comprehensive Income when identified.

#### **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.

Should the fair value of the plan assets exceed the present value of the liabilities, a net asset is recognised on the basis that, in accordance with the view of the directors, the sponsoring employer has an unconditional right to the return of capital in respect of any surplus on the realisation of the scheme.

##### ***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.

#### **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

#### **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 2022

#### 1. REVENUE

Turnover attributable to geographical markets outside the United Kingdom amounted to 91% for the year (2021: 83%).

Turnover of £7,125,817 (2021: £6,975,305) includes £6,941,793 (2021: £6,627,310) in respect of the sale of goods, recognised at a point in time and £184,024 (2021: £347,994) in respect of the sale of services, recognised at a point in time.

#### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2022 £	2021 £
<b>Staff costs (including directors)</b>		
Wages and salaries	2,577,121	2,007,236
Social security costs	274,408	175,595
Other pension costs	305,661	240,718
Capitalised development costs	(6,000)	(31,508)
	<u>3,151,190</u>	<u>2,392,041</u>

<b>Average number of persons employed:</b>	No.	No.
Directors	2	2
Manufacturing	38	7
Sales and administration	28	40
	<u>68</u>	<u>49</u>

In addition to the directors stated above, four (2021: four) directors of the Company are directors of another group company, and are remunerated by that group company.

<b>Directors' emoluments:</b>	£	£
Emoluments	205,816	182,488
Defined contribution pension scheme contributions	10,080	9,970
	<u>215,896</u>	<u>192,458</u>

During the year two directors participated in a money purchase pension scheme (2021: two).

<b>Emoluments of the highest paid director:</b>	£	£
Emoluments	117,270	107,278
Defined contribution pension scheme contributions	5,520	5,520
	<u>122,790</u>	<u>194,223</u>

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 3. OTHER OPERATING INCOME

	2022	2021
	£	£
Foreign exchange differences	298,631	65,335
Profit on disposal of tangible fixed assets	-	21,249
Income from government grants	-	32,113
	<u>298,631</u>	<u>118,697</u>

#### 4. OPERATING (LOSS)/PROFIT

<b>Operating (loss)/profit is stated after charging/(crediting):</b>	<b>2022</b>	<b>2021</b>
	£	£
Depreciation of owned fixed assets	94,510	97,087
Depreciation of right-of-use leased assets	132,948	132,284
Amortisation of intangible assets	26,124	4,361
Auditor's remuneration – audit	18,450	15,953
Research and development	712,846	706,435
Profit on disposal of tangible fixed assets	-	(21,249)
Foreign exchange	<u>(298,631)</u>	<u>(65,335)</u>

No fees were paid to the company's auditor for services other than the statutory audit of the company (2021: £nil).

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

##### Interest payable and similar charges

	2022	2021
	£	£
Interest payable on right-of-use lease liabilities	43,318	44,596
Defined benefit pension scheme finance costs	26,000	48,000
Other interest payable	137	135
	<u>69,455</u>	<u>92,731</u>

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

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

Analysis of credit in year:	2022 £	2021 £
Current tax		
Current tax on profits for the year	(49,641)	(239,666)
Adjustment in respect of prior years	(696)	(648)
Total current tax	<u>(50,337)</u>	<u>(240,314)</u>
Deferred tax		
Current tax on profits for the year	(115,085)	13,732
Adjustment in respect of prior years	3,246	(645)
Effect of changes in tax rates	22,798	(11,566)
	<u>(89,041)</u>	<u>1,521</u>
<b>Tax per statement of comprehensive income</b>	<u><b>(139,378)</b></u>	<u><b>(238,793)</b></u>
<b>Other comprehensive income items</b>		
Deferred tax current year charge	<u>(534,000)</u>	<u>(205,730)</u>

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

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(816,047)</u>	<u>(792,221)</u>
Tax on loss at standard UK tax rate of 19% (2021: 19%)	<u>(155,049)</u>	<u>(150,522)</u>
<b>Effect of:</b>		
Expenses not deductible	13,844	462
Tax rate changes	22,798	(11,566)
R&D tax relief	(1,140)	(75,323)
Tax effect of super deduction	(6,521)	(551)
Exercise of share options	(15,860)	-
Adjustments in respect of prior years	2,550	(1,293)
<b>Tax per statement of comprehensive income</b>	<u><b>(139,378)</b></u>	<u><b>(238,793)</b></u>

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 deferred tax at the year end (2021: 25%).

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2022	110,203	727,903	251,769	1,089,875
Additions	-	62,229	58,264	120,493
At 31 December 2022	<b>110,203</b>	<b>790,132</b>	<b>310,033</b>	<b>1,210,368</b>
<b>Depreciation</b>				
At 1 January 2022	110,203	473,444	228,770	812,417
Charge for the year	-	72,770	21,740	94,510
At 31 December 2022	<b>110,203</b>	<b>546,214</b>	<b>250,510</b>	<b>906,927</b>
<b>Net book value</b>				
At 31 December 2022	-	<b>243,918</b>	<b>59,523</b>	<b>303,441</b>
At 31 December 2021	-	254,459	22,999	277,458

#### 8. RIGHT-OF-USE LEASED ASSETS

	Leasehold land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 January 2022 and 31 December 2022	1,255,465	57,256	1,312,721
<b>Depreciation</b>			
At 1 January 2022	283,493	4,771	288,264
Charge for the year	121,497	11,451	132,948
At 31 December 2022	<b>404,990</b>	<b>16,222</b>	<b>421,212</b>
<b>Net book value</b>			
At 31 December 2022	<b>850,475</b>	<b>41,034</b>	<b>891,509</b>
At 31 December 2021	971,972	52,485	1,024,457

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 9. INTANGIBLE FIXED ASSETS

	Development costs £	Total £
<b>Cost</b>		
At 1 January 2022	78,493	78,493
Additions	6,000	6,000
At 31 December 2022	<u>84,493</u>	<u>84,493</u>
<b>Amortisation</b>		
At 1 January 2022	4,361	4,361
Charge for the year	26,124	26,124
At 31 December 2022	<u>30,485</u>	<u>30,485</u>
<b>Net book value</b>		
At 31 December 2022	<u>54,008</u>	<u>54,008</u>
At 31 December 2021	<u>74,132</u>	<u>74,132</u>

#### 10. FIXED ASSET INVESTMENTS

Subsidiary undertakings	£
Net book value – 1 January 2022 & 31 December 2022	187,153

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.

In 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 in 2021.

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
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 2022

#### 11. STOCK

	2022 £	2021 £
Components	3,094,792	1,077,553
Finished goods	769,420	911,663
	<u>3,864,212</u>	<u>1,989,216</u>

In 2022, a total of £3,640,646 of inventories was included in the statement of comprehensive income as an expense (2021: £3,913,264). This includes a charge of £33,013 (2021: £170,000) resulting from write-downs of inventories.

#### 12. DEBTORS

	2022 £	2021 £
Trade debtors	1,051,130	927,230
Other debtors	131,690	67,416
Amounts due from group companies	232,261	328,983
Corporation tax receivable	-	-
Prepayments	29,717	45,873
	<u>1,444,798</u>	<u>1,369,502</u>

Trade debtors are stated after a provision of £nil (2021: £nil).

#### 13. CREDITORS

	2022 £	2021 £
<b>Amounts falling due within one year</b>		
Trade creditors	1,060,843	307,878
Amounts owed to group companies	1,649,027	378,766
Other creditors	88,357	148,723
Social security and other taxes	78,843	56,874
Accruals and deferred income	1,319,914	1,083,664
	<u>4,196,984</u>	<u>1,975,905</u>

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

	2022 £	2021 £
Amounts owed to group undertakings	<u>180,000</u>	<u>180,000</u>

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 15. DEFERRED TAX

	£
At 1 January 2022 (as restated)	335,929
Credit to the statement of comprehensive income in the year	(92,287)
Adjustment in respect of prior years	(3,246)
Movement in other comprehensive income – retirement benefits actuarial gain	(534,000)
Charge to equity in the year	16,269
At 31 December 2022	<u>(277,335)</u>
Deferred tax balance relates to temporary differences as follows:	
Share options	16,269
Losses	14,423
Temporary differences trading	17,556
Pension asset	(301,500)
Accelerated capital allowances	<u>(24,083)</u>
	<u>(277,335)</u>

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 (2021: 25%). 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:	2022	2021
	£	£
Due within one year	167,648	167,648
Due between one and five years	651,619	664,266
Due after more than five years	274,222	425,352
<b>Total commitment</b>	<b>1,093,489</b>	<b>1,257,266</b>
Interest charges included above	(152,038)	(185,354)
<b>Net present value of lease liabilities</b>	<b>941,451</b>	<b>1,071,912</b>
Current	129,717	117,923
Non-current	811,734	953,989

#### 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 £240,138 (2021: £240,718).

##### 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 2022.

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 17. PENSION SCHEMES (continued)

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 14 years which has reduced from 18 years in 2021 due to the impact of significantly increased bond yields during 2022. The trustees are normally drawn partly from Armfield's employees and also from nominees of the Judges Group.

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. An annual contribution of £420,250 was paid in 2022. 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 £180,000 as at 31 December 2022. 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 (2021: £nil). The total contributions in the next year, subject to the findings of the 2023 triennial valuation, are expected to be £430,756 (2021: £420,250).

#### Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £	2021 £
Fair value of plan assets	7,001,000	7,936,000
Present value of defined benefit obligation	(5,795,000)	(9,260,000)
Surplus/(deficit) in scheme	1,206,000	(1,324,000)
Deferred tax	(301,500)	331,000
Net retirement benefit obligation	904,500	(993,000)

The retirement benefit surplus has been recognised as it meets the conditions for recognition as the scheme's trust deed allows for a refund of any remaining surplus upon closure of the scheme.

Scheme assets	2022 £	2021 £
Changes in the fair value of plan assets:		
At start of year	7,936,000	6,874,000
Interest income	153,000	95,000
Return on plan assets (excluding amounts in interest income)	(1,281,000)	569,000
Contributions by the company	420,000	574,000
Expenses	(5,000)	(7,000)
Benefits paid	(222,000)	(169,000)
At end of year	7,001,000	7,936,000

The actual return on plan assets of the year ended 31 December 2022 was a reduction of £1,128,000 (2021: increase of £664,000).



## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 17. PENSION SCHEMES (continued)

<b>Scheme liabilities</b>	<b>2022</b>	<b>2021</b>
Changes in the fair value of defined benefit pension obligations:	£	£
<b>At start of year</b>	<b>9,260,000</b>	<b>10,169,000</b>
Past service cost		-
Interest expense	<b>174,000</b>	136,000
Actuarial (gains)/losses due to scheme experience	<b>(184,000)</b>	(6,000)
Actuarial (gains)/losses due to changes in demographic assumptions	<b>(4,000)</b>	(72,000)
Actuarial (gains)/losses due to financial assumptions	<b>(3,229,000)</b>	(798,000)
Benefits paid	<b>(222,000)</b>	(169,000)
<b>At end of year</b>	<b>5,795,000</b>	<b>9,260,000</b>

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.

<b>Analysis of assets</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	£	£	£
Quoted equities	<b>4,234,000</b>	4,578,000	3,570,000
Bonds	<b>2,726,000</b>	3,086,000	2,598,000
Property	-	-	498,000
Cash and other assets	<b>41</b>	272,000	208,000
	<b>7,001,000</b>	<b>7,936,000</b>	<b>6,874,000</b>

<b>Principal actuarial assumptions</b>	<b>2022</b>	<b>2021</b>
	%	%
Discount rate	<b>4.75</b>	1.90
Inflation rate (RPI)	<b>3.30</b>	3.50
Inflation rate (CPI)	<b>2.70</b>	2.80
In payment pension increases	<b>3.50</b>	3.55
In deferment pension increases	<b>5.00</b>	5.00

The mortality assumptions used in valuing the liabilities of the plan in 2021 and 2022 are based 100% on the standard tables S3PxA, projected using the CMI 2021 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. No allowance has been made for the effect of COVID-19 as this impact remains uncertain.

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2022

#### 17. PENSION SCHEMES (continued)

The life expectancies assumed are as follows:

	31 December 2021	31 December 2020
	Life expectancy at age 65 (years)	Life expectancy at age 65 (years)
Male retiring in 2021	22.2	22.1
Female retiring in 2021	24.3	24.2
Male retiring in 2041	23.5	23.4
Female retiring in 2041	25.5	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	31 December 2020
	Change in liabilities	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 2022**

#### **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, at the same registered address as the Company. The only group undertaking for which consolidated accounts are prepared is that headed by Judges Scientific plc.

#### **21. PRIOR YEAR ADJUSTMENT**

In the prior year, the company presented the defined benefit pension scheme liability of £1,324,000 net of the associated deferred tax asset of £331,000. The prior year balance sheet has been restated such that the deferred tax asset is separately presented from the defined benefit pension scheme liability. The restatement results in the correct presentation of the two balances. In the prior year balance sheet, the defined benefit pension scheme liability has increased by £331,000, while the deferred tax asset has increased by the same amount. The impact of the prior period adjustment is seen in the balance sheet and note 15. There is no impact on net assets or profit in the current or prior years.