

Registration number: 01962034

# Armfield Limited

Directors Report and Financial Statements  
for the year ended 31 December 2020



## **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>	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Regent House 80 Regent Road Leicester LE1 7NH

## **Armfield Limited**

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## **Armfield Limited**

### **Directors' report for the year ended 31 December 2020**

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

#### **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 8 and shows the profit 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 11 for more details.

#### **Directors**

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

Dr S Gregory (Managing Director)	Appointed 1 August 2020
Mr N Barnes	Appointed 21 September 2020
Mr D Whitehouse	Resigned 31 July 2020
Mr D Cicurel	
Mr A Kay	
Mr M Lavelle	
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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 2020**

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.

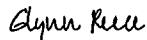
The directors confirm that:

- 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**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were 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 22 March 2021 and signed on its behalf by:



**Mr G Reece**  
**Secretary**

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

## **Armfield Limited**

### **Strategic report for the year ended 31 December 2020**

#### **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.

#### **Business review**

Turnover for the year ended 31 December 2020 was £8,879,580 (2019: £9,455,763). Profit before tax for the year ended 31 December 2020 was £1,011,556 (2019: £224,222).

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.

#### **Principal risks and uncertainties**

The company's customers are located in all parts of the globe and a major part of sales is to enterprises that are state-owned or closely tied to state spending. Accordingly, the prevailing uncertainties in the world economy, and particularly the financial constraints currently affecting many western nations, represent a risk to the company's prospects. In addition, exports are exposed to possible adverse impacts on the international competitiveness of the company's activities caused by fluctuations in exchange rates. The ultimate parent undertaking seeks, so far as is practicable, to mitigate these currency effects through the use of financial instruments.

The company is engaged in a high level of development work, with the attendant risk of technical failure or delays. The directors seek to mitigate this risk through the quality of the company's technical skills base and through its contractual arrangements with its customers.

#### **Financial key performance indicators**

The directors consider turnover and profit to be the key performance indicators.

The directors of the company do not consider that non-financial key performance indicators will assist in a greater understanding of the business.

#### **Section 172 statement**

The matters that the directors of the company are responsible for considering under Section 172 of the Companies Act 2006 have been considered by the directors of the parent company, Judges Scientific Plc, for the group as a whole. An explanation of how the directors of the group board have considered these matters is set out in the consolidated financial statements of Judges Scientific plc.

This report was approved by the board on 22 March 2021 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**

We have audited the financial statements of Armfield Limited (the 'company') for the year ended 31 December 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Strategic report and Directors' report set out on pages 1 to 3, 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **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 strategic report or 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; or
- we have not received all the information and explanations we require for our audit.



## **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](http://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 the legal and regulatory frameworks applicable to the company, and industry in which they operate. We determined that the following laws and regulations were most significant: FRS 101, Companies Act 2006 and UK tax compliance regulations which is the principal jurisdiction in which the company operates. 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 relate to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of group board minutes;

## **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. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud; and
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement 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.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue and management override of controls;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - the applicable statutory provisions; and
  - the company's control environment, including:
    - the policies and procedures implemented to comply with financial reporting requirements, including the adequacy of the training of the finance team including support from head office; and
    - the adequacy of procedures for authorisation of transactions and internal review procedures over the company's transactions.

#### **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  
Leicester  
22 March 2021

**Armfield Limited****Statement of comprehensive income for the year ended 31 December 2020**

		2020 £	2019 £
	Notes		
Turnover	1	8,879,580	9,455,763
Raw materials and consumables		(4,686,151)	(5,082,936)
Other external charges		(1,529,507)	(1,698,041)
Staff costs	2	(2,558,912)	(2,518,446)
Depreciation		(205,105)	(190,938)
Other operating income	3	348,209	350,829
<b>Operating profit</b>	4	<b>248,114</b>	<b>316,231</b>
Income from share in group undertaking		869,969	-
Interest receivable and similar income		3	4,722
Interest payable and similar charges	5	(106,530)	(96,731)
<b>Profit on ordinary activities before taxation</b>		<b>1,011,556</b>	<b>224,222</b>
Tax on profit on ordinary activities	6	87,812	37,099
<b>Profit for the financial year</b>		<b>1,099,368</b>	<b>261,321</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Retirement benefits actuarial loss		(1,091,900)	(375,160)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(1,091,900)</b>	<b>(375,160)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>7,468</b>	<b>(113,839)</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 2020**

	Notes	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Tangible assets	7		223,133		229,360
Right-of-use leased assets	8		1,103,536		1,232,583
Investments	9		187,153		187,153
			<u>1,513,822</u>		<u>1,649,096</u>
<b>Current assets</b>					
Stock	10	1,991,217		2,323,762	
Debtors	11	1,164,053		1,447,931	
Cash at bank and in hand		1,775,523		1,834,787	
		<u>4,930,793</u>		<u>5,606,480</u>	
<b>Creditors: amounts falling due within one year</b>					
Trade and other creditors	12	(1,481,815)		(3,068,025)	
Right-of-use lease liabilities	15	(114,398)		(156,930)	
		<u>(1,596,213)</u>		<u>(3,224,955)</u>	
<b>Net current assets</b>			<u>3,334,580</u>		<u>2,381,525</u>
<b>Total assets less current liabilities</b>			<u>4,848,402</u>		<u>4,030,621</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(180,000)		(180,000)	
Deferred tax	14	6,450		7,000	
Right-of-use lease liabilities: amounts falling due after more than one year	15	(1,027,295)		(1,143,482)	
<b>Total net assets excluding pension liability</b>			<u>3,647,557</u>		<u>2,714,139</u>
<b>Net pension liability</b>	16	(2,668,950)		(1,743,000)	
<b>Total net assets</b>			<u>978,607</u>		<u>971,139</u>
<b>Capital and reserves</b>					
Called up share capital	17		101,818		101,818
Share premium			726,182		726,182
Profit and loss account			150,607		143,139
<b>Shareholders' funds – all equity</b>			<u>978,607</u>		<u>971,139</u>

The financial statements were approved by the board of directors on 22 March 2021 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 2020**

	Share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
<b>Balance at 1 January 2020</b>	<b>101,818</b>	<b>726,182</b>	<b>143,139</b>	<b>971,139</b>
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
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>7,468</b>	<b>7,468</b>
<b>Balance at 31 December 2020</b>	<b>101,818</b>	<b>726,182</b>	<b>150,607</b>	<b>978,607</b>
<b>Balance at 1 January 2019</b>	<b>101,818</b>	<b>726,182</b>	<b>381,978</b>	<b>1,209,978</b>
Dividend payable	-	-	(125,000)	(125,000)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(125,000)</b>	<b>(125,000)</b>
Profit for the year	-	-	261,321	261,321
Actuarial loss recognised on defined benefit pension scheme	-	-	(452,000)	(452,000)
Deferred tax relating to actuarial loss on pension scheme	-	-	76,840	76,840
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(113,839)</b>	<b>(113,839)</b>
<b>Balance at 31 December 2019</b>	<b>101,818</b>	<b>726,182</b>	<b>143,139</b>	<b>971,139</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 2020 with cash of £1.8m, compared with cash of £1.8m at the end of 2019. This arose through careful management of outgoings and staff savings made throughout the year.

The directors have considered the ongoing impact of the COVID-19 pandemic, and potential impacts of Brexit. 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 the pandemic and Brexit 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. 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. No major new projects were considered to meet the capitalisation criteria during 2020.

#### **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 16 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, support, training 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 and installation, 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 is recognised at the point at which the installation 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 other services 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.

#### **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 for the benefit of employees joining the company after 31 December 2000. 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 2020

#### 1. REVENUE

Turnover attributable to geographical markets outside the United Kingdom amounted to 93% for the year (2019: 89%).

#### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2020	2019
	£	£
<b>Staff costs (including directors)</b>		
Wages and salaries	2,134,009	2,085,390
Social security costs	191,443	178,537
Other pension costs	233,460	254,519
	<u>2,558,912</u>	<u>2,518,446</u>
<b>Average number of persons employed:</b>	No.	No.
Directors	5	7
Manufacturing	6	5
Sales and administration	43	54
	<u>54</u>	<u>66</u>
<b>Directors' emoluments:</b>	£	£
Emoluments	267,520	254,108
Compensation for loss of office	53,710	-
Defined contribution pension scheme contributions	14,908	22,440
	<u>336,138</u>	<u>276,548</u>

During the year two directors participated in a money purchase pension scheme (2019: three).

<b>Emoluments of the highest paid director:</b>	£	£
Emoluments	133,193	135,996
Compensation for loss of office	53,710	-
Defined contribution pension scheme contributions	7,320	13,425
	<u>194,223</u>	<u>149,421</u>

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 3. OTHER OPERATING INCOME

	2020	2019
	£	£
Foreign exchange differences	267,748	346,374
Profit on disposal of tangible fixed assets	792	4,455
Income from government grants	79,669	-
	<u>348,209</u>	<u>350,829</u>

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

#### 4. OPERATING PROFIT

<b>Operating profit is stated after charging/(crediting):</b>	<b>2020</b>	<b>2019</b>
	£	£
Depreciation of owned fixed assets	76,058	49,807
Depreciation of right-of-use leased assets	129,047	141,131
Auditor's remuneration – audit	15,193	14,750
Research and development	984,497	682,087
Profit on disposal of tangible fixed assets	(792)	(4,456)
Foreign exchange	<u>(267,748)</u>	<u>(346,374)</u>

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

<b>Interest payable and similar charges</b>	<b>2020</b>	<b>2019</b>
	£	£
Interest payable on right-of-use lease liabilities	53,495	48,731
Defined benefit pension scheme finance costs	53,000	48,000
Other interest payable	35	-
	<u>106,530</u>	<u>96,731</u>

# Armfield Limited

## Notes to the financial statements for the year ended 31 December 2020

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge/(credit) in year:	2020	2019
	£	£
Current tax		
Current tax on profits for the year	(102,088)	(73,905)
Adjustment in respect of prior years	13,726	(63)
Total current tax	<u>(88,362)</u>	<u>(73,968)</u>
Deferred tax		
Current tax on profits for the year	19,419	31,752
Adjustment in respect of prior years	(291)	11,768
Effect of changes in tax rates	<u>(18,578)</u>	<u>(6,651)</u>
	<u>550</u>	<u>36,869</u>
<b>Tax per statement of comprehensive income</b>	<b><u>(87,812)</u></b>	<b><u>(37,099)</u></b>
<b>Other comprehensive income items</b>		
Deferred tax current year (credit)/charge	<u>(286,100)</u>	<u>(76,840)</u>

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

Analysis of credit in year:	2020	2019
	£	£
Profit on ordinary activities before tax	<u>1,011,556</u>	<u>224,222</u>
Tax on profit at standard UK tax rate of 19% (2019: 19%)	<u>192,196</u>	<u>42,602</u>
<b>Effect of:</b>		
Expenses not deductible	3,482	14,241
Income not taxable	(165,294)	-
Tax rate changes	(18,578)	(6,651)
R&D tax relief	(83,618)	(96,732)
Exercise of share options	(29,435)	-
Utilisation of previously unrecognised losses	-	(2,264)
Adjustments in respect of prior years	<u>13,435</u>	<u>11,705</u>
<b>Tax per statement of comprehensive income</b>	<b><u>(87,812)</u></b>	<b><u>(37,099)</u></b>

**Armfield Limited****Notes to the financial statements for the year ended 31 December 2020****7. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2020	158,203	516,013	244,954	919,170
Additions	-	67,031	2,800	69,831
Disposals	(16,000)	-	-	(16,000)
At 31 December 2020	<b>142,203</b>	<b>583,044</b>	<b>247,754</b>	<b>973,001</b>
<b>Depreciation</b>				
At 1 January 2020	150,206	367,870	171,734	689,810
Charge for the year	7,997	38,551	29,510	76,058
Disposals	(16,000)	-	-	(16,000)
At 31 December 2020	<b>142,203</b>	<b>406,421</b>	<b>201,244</b>	<b>749,868</b>
<b>Net book values</b>				
At 31 December 2020	-	<b>176,623</b>	<b>46,510</b>	<b>223,133</b>
At 31 December 2019	7,997	148,143	73,220	229,360

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

	Leasehold land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	1,255,465	25,167	1,280,632
<b>Depreciation</b>			
At 1 January 2020	40,499	7,550	48,049
Charge for the year	121,497	7,550	129,047
At 31 December 2020	<b>161,996</b>	<b>15,100</b>	<b>177,096</b>
<b>Net book values</b>			
At 31 December 2020	<b>1,093,469</b>	<b>10,067</b>	<b>1,103,536</b>
At 31 December 2019	1,214,966	17,617	1,232,583

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 9. FIXED ASSET INVESTMENTS

<b>Subsidiary undertakings</b>	<b>£</b>
Net book value – 1 January 2020 and 31 December 2020	<u>187,153</u>

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
<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

#### 10. STOCK

	2020 £	2019 £
Components	1,259,543	1,466,341
Finished goods	<u>731,674</u>	<u>857,421</u>
	<u>1,991,217</u>	<u>2,323,762</u>

In 2020, a total of £4,686,151 of inventories was included in the statement of comprehensive income as an expense (2019: £5,082,936). This includes a charge of £146,974 (2019: £16,079) resulting from write-downs of inventories. All inventories form part of the assets pledged as security in respect of bank loans.

#### 11. DEBTORS

	2020 £	2019 £
Trade debtors	943,800	1,130,021
Other debtors	36,549	133,627
Amounts due from group companies	119,137	106,180
Prepayments	<u>64,567</u>	<u>78,103</u>
	<u>1,164,053</u>	<u>1,447,931</u>

Trade debtors are stated after a provision of £nil (2019: £nil).

# Armfield Limited

## Notes to the financial statements for the year ended 31 December 2020

### 12. CREDITORS

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Trade creditors	649,557	845,142
Amounts owed to group companies	3,617	655,622
Other creditors	79,706	20,106
Social security and other taxes	48,672	43,683
Corporation tax payable	-	368
Accruals and deferred income	700,263	1,503,104
	<u>1,481,815</u>	<u>3,068,025</u>

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

	2020 £	2019 £
Amounts owed to group undertakings	<u>180,000</u>	<u>180,000</u>

### 14. DEFERRED TAX

	£
At 1 January 2020	7,000
Charge for the year	(841)
Prior year adjustment	291
At 31 December 2020	<u>6,450</u>

The amounts provided in respect of deferred taxation are computed at the rate of 19% (2019: 17%) and relate to accelerated capital allowances.

### 15. RIGHT-OF-USE LEASE LIABILITIES

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

<b>Maturity of right-of-use lease liabilities:</b>	<b>2020</b>	<b>2019</b>
	£	£
Due within one year	162,228	207,892
Due between one and five years	623,232	630,564
Due after more than five years	584,213	739,223
<b>Total commitment</b>	<u>1,369,673</u>	<u>1,577,679</u>
Interest charges included above	(227,980)	(277,267)
<b>Net present value of lease liabilities</b>	<u>1,141,693</u>	<u>1,300,412</u>
Current	114,398	156,930
Non-current	<u>1,027,295</u>	<u>1,143,482</u>



## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 16. 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 £250,346 (2019: £261,180).

##### 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 2020.

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 19 years. The trustees are 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. 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 not separately valued as part of the recent valuation. These pensions, which do not affect the overall valuation as they are a liability with a fully insured offsetting asset, are considered by the independent actuary to consist of a maximum of 3% of the total scheme liabilities.

Contributions payable to the pension scheme at the end of the year are £nil (2019: £nil). The total contributions in the next year are expected to be £574,000 (2019: £236,000), 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:

	2020 £	2019 £
Fair value of plan assets	6,874,000	6,349,000
Present value of defined benefit obligation	<u>(10,169,000)</u>	<u>(8,449,000)</u>
Deficit in scheme	(3,295,000)	(2,100,000)
Deferred tax	626,050	357,000
Net retirement benefit obligation	<u>(2,668,950)</u>	<u>(1,743,000)</u>

**Armfield Limited****Notes to the financial statements for the year ended 31 December 2020****16. PENSION SCHEMES (continued)**

<b>Scheme assets</b>	<b>2020</b>	<b>2019</b>
Changes in the fair value of plan assets:	£	£
<b>At start of year</b>	<b>6,349,000</b>	<b>5,612,000</b>
Interest income	134,000	158,000
Return on plan assets (excluding amounts in interest income)	322,000	505,000
Contributions by the company	236,000	236,000
Expenses	(1,000)	-
Benefits paid	(166,000)	(162,000)
<b>At end of year</b>	<b>6,874,000</b>	<b>6,349,000</b>

The actual return on plan assets of the year ended 31 December 2020 was £456,000 (2019: £663,000).

<b>Scheme liabilities</b>	<b>2020</b>	<b>2019</b>
Changes in the fair value of defined benefit pension obligations:	£	£
<b>At start of year</b>	<b>8,449,000</b>	<b>7,448,000</b>
Past service cost	10,000	-
Interest expense	176,000	206,000
Actuarial losses due to scheme experience	136,000	-
Actuarial losses/(gains) due to changes in demographic assumptions	211,000	(82,000)
Actuarial losses due to financial assumptions	1,353,000	1,039,000
Benefits paid	(166,000)	(162,000)
<b>At end of year</b>	<b>10,169,000</b>	<b>8,449,000</b>

There were no plan amendments, curtailments or settlements in the above years.

<b>Analysis of assets</b>	<b>2020</b>	<b>2019</b>
	£	£
Quoted equities	3,570,000	3,423,000
Bonds	2,598,000	2,421,000
Property	498,000	495,000
Cash and other assets	208,000	10,000
	<b>6,874,000</b>	<b>6,349,000</b>

<b>Principal actuarial assumptions</b>	<b>2020</b>	<b>2019</b>
	%	%
Discount rate	1.35	2.10
Inflation rate (RPI)	3.10	3.00
Inflation rate (CPI)	2.30	2.10
In payment pension increases	3.35	3.30
In deferment pension increases	5.00	5.00

## Armfield Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 16. PENSION SCHEMES (continued)

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.

The life expectancies assumed are as follows:

	Life expectancy at age 65 (years)
Male retiring in 2020	22.1
Female retiring in 2020	24.2
Male retiring in 2040	23.4
Female retiring in 2040	<u>25.4</u>

#### 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:

	Change in liabilities £
Discount rate – decrease by 0.25% per annum	500,000
Inflation rate – increase of 0.25% per annum	91,000
Mortality rate – increase of one year in life expectancy	<u>456,000</u>

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 Group's equity valuation and 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 Group and in line with local regulations.

#### 17. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
101,818 Ordinary shares of £1 each	<u>101,818</u>	<u>101,818</u>

## **Armfield Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **18. 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.

#### **19. 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 2020 to £21,214,750 (2019: £14,260,211) are secured on the company's assets.