

Registered number: 01967634

AR UNITED KINGDOM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020



AR UNITED KINGDOM LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | E Murphy D Shepherd E Shepherd |
| Registered number | 01967634 |
| Trading address | Unit 8 Madingley Court Chippenham Drive Kingston Milton Keynes Buckinghamshire MK10 0BZ |
| Independent auditors | Mazars LLP Chartered Accountants & Statutory Auditors The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF |
| Bankers | Barclays Bank Plc 111 High Street Bedford MK40 1NJ |

AR UNITED KINGDOM LIMITED

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AR UNITED KINGDOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their report and the financial statements for the year ended 30 September 2020.

Principal activity

The principal activity of the Company is the manufacture of electronic instruments and appliances for measuring, testing and navigation, except industrial process control equipment.

Business review

AR United Kingdom Limited made a loss before tax of £45,451 for the financial year ended 30 September 2020, compared to a loss of £467,927 in the prior year. At the year-end AR United Kingdom Limited had a net liability position of £737,713, compared to £692,716 in the prior year. This includes amounts owed to group undertakings of £1,431,188 compared to £935,243 in the prior year, as shown in note 11.

The UK market continued in the same vein as the previous couple of years with customers in our traditional business sectors remaining cautious. Our main competitor in the amplifier sector continues to follow a very aggressive strategy in an attempt to gain market share, which is in some ways devaluing the market.

We continue to look at new markets and opportunities in order to achieve growth and we are focussing some efforts in the more general test and measurement and power electronics markets, to support the sales coming from our core EMC and RF business.

Brexit

Like many UK businesses we are expecting Brexit to have some impact on our business but remain hopeful that the UK Government are able to negotiate a deal which allows us to minimise the impact. The majority of our products are currently imported from outside the EU. Any changes that result in prices increasing due to increased tariffs or extended periods of a weak GBP will make us less competitive in a market place that has many European competitors. We expect the effects of Brexit on the supply chain to be minimal as the majority of our suppliers are based outside the EU and they source components locally. We may see additional administration and delays in moving goods between the UK and Europe (where our sister companies are located) which might impact moving demonstration equipment and equipment for repair. As a small business we do not foresee any impact on staff as we currently do not employ any EU citizens who are not UK Nationals.

COVID-19

While the impact of COVID-19 is uncertain, at this time management of AR United Kingdom does not see it causing significant turmoil to our business and we are confident that support and measures are in place to allow us to continue our operations in an efficient manner.

Results and dividends

The loss for the year, after taxation, amounted to £44,997 (2019 - loss £468,381).

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

Directors

The Directors who served during the year were:

E Murphy
D Shepherd
E Shepherd

AR UNITED KINGDOM LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Directors' and officers' insurance

Appropriate directors' and officers' liability insurance cover is in place under AR United Kingdom Limited's parent company in respect of all of the Company's Directors.

Directors' responsibilities statement

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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

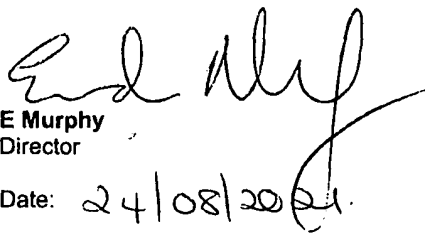
AR UNITED KINGDOM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


E Murphy
Director
Date: 24/08/2021

AR UNITED KINGDOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AR UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of AR United Kingdom Limited (the 'Company') for the year ended 30 September 2020 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

AR UNITED KINGDOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AR UNITED KINGDOM LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

AR UNITED KINGDOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AR UNITED KINGDOM LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit 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.



Stephen Brown (Aug 24, 2021 16:50 GMT+1)

Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditors
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Aug 24, 2021

AR UNITED KINGDOM LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|---|------|------------------|------------------|
| Turnover | | 2,208,714 | 1,461,625 |
| Cost of sales | | (1,591,936) | (1,059,368) |
| Gross profit | | <u>616,778</u> | <u>402,257</u> |
| Administrative expenses | | (659,152) | (867,080) |
| Operating loss | 3 | <u>(42,374)</u> | <u>(464,823)</u> |
| Interest receivable and similar income | | 193 | 966 |
| Interest payable and expenses | | (3,270) | (4,070) |
| Loss before tax | | <u>(45,451)</u> | <u>(467,927)</u> |
| Tax on loss | 6 | 454 | (454) |
| Loss after tax | | <u>(44,997)</u> | <u>(468,381)</u> |
| | | | |
| Retained earnings at the beginning of the year | | (747,280) | (278,899) |
| | | <u>(747,280)</u> | <u>(278,899)</u> |
| Loss for the year | | (44,997) | (468,381) |
| Retained earnings at the end of the year | | <u>(792,277)</u> | <u>(747,280)</u> |

The notes on pages 9 to 19 form part of these financial statements.

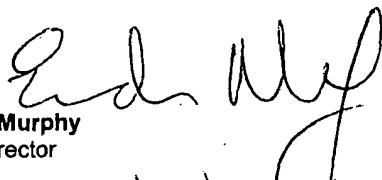
AR UNITED KINGDOM LIMITED
REGISTERED NUMBER: 01967634

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

| | Note | 2020 £ | 2019 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 69,295 | 11,465 |
| | | <u>69,295</u> | <u>11,465</u> |
| Current assets | | | |
| Stocks | 8 | 155,527 | 130,596 |
| Debtors | 9 | 930,848 | 249,079 |
| Cash at bank and in hand | 10 | 105,807 | 41,884 |
| | | <u>1,192,182</u> | <u>421,559</u> |
| Creditors: amounts falling due within one year | 11 | (1,999,190) | (1,125,740) |
| Net current liabilities | | <u>(807,008)</u> | <u>(704,181)</u> |
| Total assets less current liabilities | | <u>(737,713)</u> | <u>(692,716)</u> |
| Net liabilities | | <u>(737,713)</u> | <u>(692,716)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 37,518 | 37,518 |
| Capital redemption reserve | 13 | 17,046 | 17,046 |
| Profit and loss account | 13 | (792,277) | (747,280) |
| | | <u>(737,713)</u> | <u>(692,716)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


E Murphy
 Director
 Date: 24/08/2021

The notes on pages 9 to 19 form part of these financial statements.

AR UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

AR United Kingdom Limited is a private Company limited by shares, domiciled and incorporated in England and Wales. The registered company number is 01967634. The registered office is Unit 8, Madingley Court, Chippenham Drive, Kingston, Milton Keynes, MK10 0BZ.

The principal activity of the Company is the manufacture of electronic instruments and appliances for measuring, testing and navigation, except industrial process control equipment.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Pound Sterling (£), this being the functional currency and currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

AR Corporation, the ultimate parent of AR United Kingdom Limited, has indicated its willingness to provide financial support to the Company for the foreseeable future. The Directors, have considered this and the financial position of the Company for a period of at least twelve months from the date of signing these financial statements. On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

| | |
|------------------------|--------------------------------|
| Leasehold improvements | - over the period of the lease |
| Plant & machinery | - 25% reducing balance |
| Fixtures & fittings | - 25% reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 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.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement Of Income And Retained Earnings within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Statement Of Income And Retained Earnings within 'other operating income'.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Operating loss

The operating loss is stated after charging:

| | 2020 | 2019 |
|---------------------------------------|----------|--------|
| | £ | £ |
| Depreciation of tangible fixed assets | 9,146 | 4,468 |
| Difference on foreign exchange | (95,388) | 45,860 |
| Operating lease rentals | 61,901 | 71,589 |
| Defined contribution pension cost | 48,559 | 52,037 |

AR UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Auditor's remuneration

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 18,500 | 18,150 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Taxation compliance services | 1,950 | 2,200 |
| All other services | 1,850 | 1,450 |
| | 3,800 | 3,650 |

5. Employees

The average monthly number of employees, including directors, during the year was 12 (2019 - 12).

6. Taxation

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Adjustments in respect of previous periods | (454) | 454 |
| | (454) | 454 |
| Total current tax | (454) | 454 |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on loss on ordinary activities | (454) | 454 |

AR UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

| | 2020 £ | 2019 £ |
|--|--------------|------------|
| Loss on ordinary activities before tax | (45,451) | (467,927) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) | (8,661) | (88,906) |
| Effects of: | | |
| Fixed asset differences | 109 | 273 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 283 | 287 |
| Adjustments to tax charge in respect of prior periods | (5,464) | 454 |
| Adjust closing and opening deferred tax to average rate of 19.00% | - | 8,710 |
| Deferred tax not recognised | 34,106 | 79,636 |
| Changes in provisions leading to an increase (decrease) in the tax charge | (20,827) | - |
| Total tax charge for the year | (454) | 454 |

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

AR UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. Tangible fixed assets

| | Leasehold improvements £ | Plant & machinery £ | Motor vehicles £ | Fixtures & fittings £ | Total £ |
|--|--------------------------------|---------------------------|------------------------|-----------------------------|------------|
| Cost or valuation | | | | | |
| At 1 October 2019 | 159,833 | 274,264 | - | 102,091 | 536,188 |
| Additions | - | 2,765 | 54,839 | 9,372 | 66,976 |
| At 30 September 2020 | 159,833 | 277,029 | 54,839 | 111,463 | 603,164 |
| Depreciation | | | | | |
| At 1 October 2019 | 159,365 | 267,233 | - | 98,125 | 524,723 |
| Charge for the year on owned assets | 468 | 3,106 | 4,361 | 1,211 | 9,146 |
| At 30 September 2020 | 159,833 | 270,339 | 4,361 | 99,336 | 533,869 |
| Net book value | | | | | |
| At 30 September 2020 | - | 6,690 | 50,478 | 12,127 | 69,295 |
| At 30 September 2019 | 468 | 7,031 | - | 3,966 | 11,465 |

8. Stocks

| | 2020 £ | 2019 £ |
|-------------------------------------|-----------|-----------|
| Work in progress (goods to be sold) | 18,391 | 9,531 |
| Finished goods and goods for resale | 137,136 | 121,065 |
| | 155,527 | 130,596 |

AR UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Debtors

| | 2020 £ | 2019 £ |
|----------------------------|----------------|----------------|
| Due within one year | | |
| Trade debtors | 820,432 | 205,004 |
| Other debtors | 110,416 | 44,075 |
| | <u>930,848</u> | <u>249,079</u> |

10. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|----------------|---------------|
| Cash at bank and in hand | <u>105,807</u> | <u>41,884</u> |

11. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 322,744 | 77,771 |
| Amounts owed to group undertakings | 1,431,188 | 935,243 |
| Other taxation and social security | 193,224 | 34,991 |
| Other creditors | 52,034 | 63,354 |
| Accruals and deferred income | - | 14,381 |
| | <u>1,999,190</u> | <u>1,125,740</u> |

Amounts owed to group undertakings are unsecured, interest free and with no fixed terms of repayment.

AR UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Share capital

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Authorised, allotted, called up and fully paid | | |
| 37,518 (2019 - 37,518) Ordinary shares of £1.00 each | 37,518 | 37,518 |

The Company has one class of ordinary shares which carry voting rights, but no right to fixed income.

13. Reserves

Capital redemption reserve

This reserve represents non-distributable reserves arising from the buy back of the Company's own shares.

Profit & loss account

The profit and loss account reserve represents cumulative profits and losses of the Company less dividends paid.

14. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. At 30 September 2020, outstanding contributions of £Nil (2019 - £Nil) were included in other creditors.

15. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Not later than 1 year | 53,938 | 59,792 |
| Later than 1 year and not later than 5 years | 85,981 | 139,994 |
| | <u>139,919</u> | <u>199,786</u> |

16. Other financial commitments

Total financial commitments which are not included in the balance sheet amount to £243,869 under forward foreign exchange contracts.

AR UNITED KINGDOM LIMITED

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17. Related party transactions

The Company has taken advantage of the exemption available in accordance with FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with other wholly owned members of the group.

18. Subsequent events

Following the year end, in March 2020 the impact of COVID-19 to the United Kingdom was considered to be significant. As this only emerged after the year end, the Directors' view is that any future significant changes is considered to be a non-adjusting event in relation to these accounts.

The Directors will continue to monitor any impacts of COVID-19 on the company, but as at the date of signing the accounts do not believe that there has been any significant impact requiring disclosure. These financial statements do not include any adjustments to assets or liabilities to reflect the potential impact of the pandemic on the company's performance or underlying net asset position

19. Controlling party

The Company is a wholly owned subsidiary of AR-Europe Limited, a company registered in Ireland. The group accounts are available from AR-Europe Limited's address; First Floor Ashling Building, National Technology Park, Limerick, Ireland.

The ultimate controlling party is Mr D Shepherd, a Director of the Company, by virtue of his interest in the issued ordinary share capital of AR-Europe Limited.