Group Strategic Report, Report of the Directors and

Consolidated Financial Statements

for the Year Ended 30 September 2019

for

Oval (259) Limited

Oval (259) Limited

Contents of the Consolidated Financial Statements for the Year Ended 30 September 2019

Oval (259) Limited

Company Information
for the Year Ended 30 September 2019

DIRECTORS:	M E Hazell Mrs R Hazell
SECRETARY:	Mrs A Mosley
REGISTERED OFFICE:	Cropmead CREWKERNE Somerset TA18 7HQ
REGISTERED NUMBER:	02040290 (England and Wales)

Oval (259) Limited

Group Strategic Report
for the Year Ended 30 September 2019

The directors present their strategic report of the company and the group for the year ended 30 September 2019.

The key objective has been to deliver the Group as a center of excellence and global player in miniature power transmission and control. At its core is a modular range of components that can be configured to meet an often unique customer specification.

REVIEW OF BUSINESS
We continued to follow a long term strategy designed to deliver to the market a center of excellence in miniature power transmission and control. At our core is a modular catalogue of systems based upon small motor gearboxes their control and management. This is supplemented by a design and supply service to OEM's based upon our special expertise. Turnover grew by 6.9% during the period and profitability remained stable, two thirds of which related to trading activity one third to investments. The investment content of the balance sheet, created from retained profits, is designed to support a commitment to new product development and the introduction of 21st century technology into our manufacturing program. Both objectives were delivered during the period under review. A strong balance sheet also demonstrates a sound financial base to our customers.

Our key objective is growth delivered by extending our sales team and focusing upon investment in new products for our modular catalogue where we extended our range of in-line planetary gearboxes. A characteristic of our sales strategy is to target OEM's at their new product development stage. We have added a growing number of sales projects during the period. Our commitment to growth is based upon the belief that the market for our growing product range is vast and far outweighs the threat from global downturn.

The business continues to review processes and overheads and reports the following KPIs for the year ended 30 September 2018:

	2019 £'000	2018 £'000
Turnover	10,802	11,106
Gross margin	50.9%	50.0%
EBITDA	1,312	3,084
EBITDA (excluding fair value change of investments)	1,120	2,107

PRINCIPAL RISKS AND UNCERTAINTIES
Brexit is now delivered with a marginal impact upon performance. Our customer base in Europe continues to be supportive and our decision to increase stockholding is appreciated.

At the time of writing this report the Company is exposed to the impact of Covid 19 (Coronavirus). The Government has created a "state of emergency" and imposed stringent controls on businesses and people within them. Rotalink has responded in a manner designed to, as far as possible, support its customers and protect its employees. The impact upon profitability will be significant in the second half of the year for both the trading and the investments alike. Cash flow will be undermined but we have a significant holding of realisable investments ensuring liquidity will be maintained.

ON BEHALF OF THE BOARD:

....
M E Hazell - Director

Date: 7/5/2020

Oval (259) Limited

Report of the Directors
for the Year Ended 30 September 2019

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2019.

DIVIDENDS
An interim dividend of £25.00 per share was paid on 1 November 2017. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 September 2018 will be £1,000,000.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

M E Hazell
Mrs R Hazell

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
M E Hazell - Director

Date: 7/5/2020

Report of the Independent Auditors to the Members of
Oval (259) Limited

Opinion
We have audited the financial statements of Oval (259) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Report of the Independent Auditors to the Members of
Oval (259) Limited

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

David Black (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditor
Chartered Accountants
Rumwell Hall
Rumwell
Taunton
Somerset
TA4 1EL

Date: 15 May 2020

Oval (259) Limited

Consolidated Income Statement
for the Year Ended 30 September 2019

	Notes	2019 £	2019 £	2018 £	2018 £
TURNOVER	5		10,801,634		11,106,134
Raw materials and consumables		5,093,309		5,386,507	
Other external expenses		203,336		163,646	
			5,296,645		5,550,153
			5,504,989		5,555,981
Staff costs	6	2,302,158		2,322,463	
Depreciation		293,902		195,929	
Other operating expenses		1,495,671		1,419,394	
			4,091,731		3,937,786
OPERATING PROFIT	7		1,413,258		1,618,195
Profit/loss on sale of investments	8		88,175		27,110
Fair value adjustments	8		191,680		976,859
			1,693,113		2,622,164
Income from fixed asset investments		325,281		266,811	
Interest receivable and similar income		1,480		2,949	
			326,761		269,760
PROFIT BEFORE TAXATION			2,019,874		2,891,924
Tax on profit	9		160,229		170,433
PROFIT FOR THE FINANCIAL YEAR			1,859,645		2,721,491
Profit attributable to:					
Owners of the parent			1,859,645		2,721,491

The notes form part of these financial statements

Oval (259) Limited

Consolidated Other Comprehensive Income for the Year Ended 30 September 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		1,859,645	2,721,491
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,859,645	2,721,491
Total comprehensive income attributable to:			
Owners of the parent		1,859,645	2,721,491

The notes form part of these financial statements

Oval (259) Limited (Registered number: 02040290)

Consolidated Balance Sheet
30 September 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible assets	12		1,623,862		1,268,931
Investments	13		-		-
			1,623,862		1,268,931
CURRENT ASSETS					
Stocks	14	984,557		975,953	
Debtors	15	2,686,420		3,972,644	
Investments	16	11,646,230		11,479,773	
Cash at bank and in hand		3,100,284		1,839,991	
		18,417,491		18,268,361	
CREDITORS					
Amounts falling due within one year	17	1,941,053		2,342,537	
NET CURRENT ASSETS			16,476,438		15,925,824
TOTAL ASSETS LESS CURRENT LIABILITIES			18,100,300		17,194,755
PROVISIONS FOR LIABILITIES	20		161,754		115,854
NET ASSETS			17,938,546		17,078,901
CAPITAL AND RESERVES					
Called up share capital	21		40,000		40,000
Capital redemption reserve	22		20,000		20,000
Other reserves	22		72,499		72,499
Retained earnings	22		17,806,047		16,946,402
SHAREHOLDERS' FUNDS			17,938,546		17,078,901

The financial statements were approved by the Board of Directors and authorised for issue on .... and were signed on its behalf by:

7/5/2020

....
M E Nazell - Director

The notes form part of these financial statements

Oval (259) Limited (Registered number: 02040290)

Company Balance Sheet
30 September 2019

	Notes	2019 £	2018 £
CURRENT ASSETS			
Debtors	15	59,999	59,999
Investments	16	1	1
TOTAL ASSETS LESS CURRENT LIABILITIES		60,000	60,000
CAPITAL AND RESERVES			
Called up share capital	21	40,000	40,000
Capital redemption reserve		20,000	20,000
SHAREHOLDERS' FUNDS		60,000	60,000
Company's profit for the financial year		1,000,000	1,060,080

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on .... and were signed on its behalf by:

7/5/2020

....
~~M L Hazell~~ - Director

Oval (259) Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 October 2017	40,000	15,224,911	20,000	72,499	15,357,410
Changes in equity					
Dividends	-	(1,000,000)	-	-	(1,000,000)
Total comprehensive income	-	2,721,491	-	-	2,721,491
Balance at 30 September 2018	40,000	16,946,402	20,000	72,499	17,078,901
Changes in equity					
Dividends	-	(1,000,000)	-	-	(1,000,000)
Total comprehensive income	-	1,859,645	-	-	1,859,645
Balance at 30 September 2019	40,000	17,806,047	20,000	72,499	17,938,546

The notes form part of these financial statements

Oval (259) Limited

Company Statement of Changes in Equity for the Year Ended 30 September 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 October 2017	40,000	(60,080)	20,000	(80)
Changes in equity				
Dividends	-	(1,000,000)	-	(1,000,000)
Total comprehensive income	-	1,060,080	-	1,060,080
Balance at 30 September 2018	40,000	-	20,000	60,000
Changes in equity				
Dividends	-	(1,000,000)	-	(1,000,000)
Total comprehensive income	-	1,000,000	-	1,000,000
Balance at 30 September 2019	40,000	-	20,000	60,000

The notes form part of these financial statements

Oval (259) Limited

Consolidated Cash Flow Statement
for the Year Ended 30 September 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	25	2,800,165	899,498
Tax paid		(336,551)	(253,650)
Net cash from operating activities		2,463,614	645,848
Cash flows from investing activities			
Purchase of tangible fixed assets		(953,505)	(653,893)
Purchase of current asset investments		(890,153)	(1,163,290)
Sale of tangible fixed assets		305,593	85,049
Sale of current asset investments		1,003,551	1,152,428
Interest received		1,480	2,949
Dividends received		325,281	266,811
Net cash from investing activities		(207,753)	(309,946)
Cash flows from financing activities			
Amount introduced by directors		11,585	16,627
Amount withdrawn by directors		(7,153)	(21,055)
Equity dividends paid		(1,000,000)	(1,000,000)
Net cash from financing activities		(995,568)	(1,004,428)
Increase/(decrease) in cash and cash equivalents		1,260,293	(668,526)
Cash and cash equivalents at beginning of year	26	1,839,991	2,508,517
Cash and cash equivalents at end of year	26	3,100,284	1,839,991

The notes form part of these financial statements

1. **GENERAL INFORMATION**

The principle activities of the Company and the nature of the Company's operations are set out in the strategic report on page 2.

2. **STATUTORY INFORMATION**

Oval (259) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. **STATEMENT OF COMPLIANCE**

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

4. **ACCOUNTING POLICIES**

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2 to the financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Subsidiaries are all entities over which the group has control. Control is the power to govern the financial and operating policies and activities of an entity so as to obtain benefit from its activities. Consolidation has been performed on the acquisition basis of accounting. Uniform accounting policies are adopted throughout the group.

Significant judgements and estimates
In the application of the company's accounting policies which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

(i) Useful economic life of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Stock provisioning
The company's products are subject to changing industry demands and market trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of stock and work in progress.

(iii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

continued...

4. **ACCOUNTING POLICIES - continued**

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transactions, the fair value of the consideration is measured as the present value of all future receipts using the inputed rate of interest.

The Company recognises revenue when the following conditions are satisfied:
i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii) the Company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
iii) the amount of revenue can be measured reliably;
iv) it is probable that the economic benefits associated with the transaction can be measured reliably.

Sale of goods
Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

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4. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation and residual values
Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Freehold building - 2% on cost
Improvements to property - 15% on cost
Plant and machinery - 15% on cost
Fixtures and fittings - 20% on cost and 10% on cost
Motor vehicles - 33% on cost
Computer equipment - 33% on cost

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any changes is accounted for prospectively.

Deemed cost
The Company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

Subsequent additions and major components
Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset when they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs and maintenance costs are expensed as incurred.

Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Impairment of assets
Assets, other than those measured at fair value, as assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

Non-financial assets
At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value is use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and risks inherent in the asset.

continued...

4. **ACCOUNTING POLICIES - continued**

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter an excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the report date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial assets to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Fixed asset investments

Investment in subsidiary/associate company is held at cost less accumulated impairment losses.

Stocks

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which the related revenue is recognised.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Foreign currency 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 the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

continued...

4. **ACCOUNTING POLICIES - continued**

Employee benefits
The company provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans
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 obligations are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

continued...

4. **ACCOUNTING POLICIES - continued**

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be paid to the tax authorities.

Deferred tax
Deferred tax arises from timing differences that are differences between taxable profit and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessment in periods different from those in which are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Trade debtors
Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalent
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Current asset investments
Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measured) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Trade and other creditors
Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one time included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

continued...

4. **ACCOUNTING POLICIES - continued**

Contingencies
Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders
Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions
The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

For the purposes of these financial statements, a party is considered to be related to the company if:
i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
ii) the company and the party are subject to common control;
iii) the party is an associate of the company or a joint venture in which the company is a venturer;
iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	1,807,287	1,817,657
Europe	6,841,839	7,104,102
Rest of World	2,152,508	2,184,375
	10,801,634	11,106,134

6. **EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	2,036,390	2,068,298
Social security costs	159,870	149,144
Other pension costs	105,898	105,021
	2,302,158	2,322,463

continued...

6. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018
Production	41	39
Selling and marketing	9	4
Administration	2	15
	52	58

The average number of employees by undertakings that were proportionately consolidated during the year was 52 (2018 - 58).

	2019	2018
	£	£
Directors' remuneration	247,845	60,415
Directors' pension contributions to money purchase schemes	81,415	40,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	4	2

Information regarding the highest paid director for the year ended 30 September 2019 is as follows:

	2019
	£
Emoluments etc	21,303

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Hire of plant and machinery	1,161	-
Depreciation - owned assets	298,181	206,178
Profit on disposal of fixed assets	(5,200)	(10,250)
Auditors' remuneration	18,233	15,799
Foreign exchange differences	355	2,344
Rentals under operating leases	47,024	56,545

8. EXCEPTIONAL ITEMS

	2019	2018
	£	£
Profit/loss on sale of investments	88,175	27,110
Fair value adjustments	191,680	976,859
	279,855	1,003,969

continued...

9. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	203,851	296,891
Tax attributable to franked investments	6,457	6,072
R&D Claims	(95,979)	(166,935)
Total current tax	114,329	136,028
Deferred tax	45,900	34,405
Tax on profit	160,229	170,433

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	2,019,874	2,891,924
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	383,776	549,466
Effects of:		
Expenses not deductible for tax purposes	2,335	1,842
Income not taxable for tax purposes	(61,803)	(50,694)
Capital allowances in excess of depreciation	(70,165)	(10,780)
Adjustments to tax charge in respect of previous periods	1,246	-
Movement on stock provision	2,622	(242)
Tax attributable to franked investment income	6,457	6,072
R & D claims for prior years	(95,979)	(166,935)
Fair value adjustment	(36,419)	(185,603)
Adjustment to profit/loss on disposal of investments	(17,741)	(7,098)
Deferred tax movement	45,900	34,405
Total tax charge	160,229	170,433

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	1,000,000	1,000,000

continued...

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 October 2018	380,000	30,270	2,519,602
Additions	-	-	624,131
Disposals	-	-	(117,594)
At 30 September 2019	380,000	30,270	3,026,139
DEPRECIATION			
At 1 October 2018	115,900	30,270	1,980,812
Charge for year	7,600	-	208,671
Eliminated on disposal	-	-	(48,620)
At 30 September 2019	123,500	30,270	2,140,863
NET BOOK VALUE			
At 30 September 2019	256,500	-	885,276
At 30 September 2018	264,100	-	538,790

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 October 2018	1,821,343	117,393	121,048	4,989,656
Additions	304,374	25,000	-	953,505
Disposals	(231,664)	(16,500)	-	(365,758)
At 30 September 2019	1,894,053	125,893	121,048	5,577,403
DEPRECIATION				
At 1 October 2018	1,366,793	106,249	120,701	3,720,725
Charge for year	67,659	13,904	347	298,181
Eliminated on disposal	(245)	(16,500)	-	(65,365)
At 30 September 2019	1,434,207	103,653	121,048	3,953,541
NET BOOK VALUE				
At 30 September 2019	459,846	22,240	-	1,623,862
At 30 September 2018	454,550	11,144	347	1,268,931

continued...

13. FIXED ASSET INVESTMENTS

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Rotalink Limited
Registered office: Cropmead, Crewkerne,Somerset, TA18 7HQ
Nature of business: Manufacture and sale of small electric motors

	%
Class of shares:	holding
Ordinary	100.00

	2019	2018
	£	£
Aggregate capital and reserves	17,834,604	16,983,480
Profit for the year	1,851,124	2,716,326

Rotalink Gmbh
Registered office: Germany
Nature of business: Overseas marketing

	%
Class of shares:	holding
Ordinary	100.00

	2019	2018
	£	£
Aggregate capital and reserves	67,564	58,268
Profit for the year	9,296	5,509

Rotalink Gmbh is a 100% owned subsidiary of Rotalink Limited, which is based in Germany. The results of the company have been consolidated in the group accounts.

14. STOCKS

	Group	
	2019	2018
	£	£
Stocks	219,832	216,757
Work-in-progress	139,049	142,274
Finished goods	625,676	616,922
	984,557	975,953

Stocks are stated after provisions for impairment of £576,678 (2018 - £519,917).

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	2,106,840	3,082,158	-	-
Amounts owed by group undertakings	-	-	59,999	59,999
Other Debtors	483	909	-	-
Directors' current accounts	2,906	7,338	-	-
Tax	71,014	-	-	-
VAT	120,860	97,010	-	-
Prepayments and accrued income	384,317	785,229	-	-
	2,686,420	3,972,644	59,999	59,999

Trade debtors are stated after provisions for impairment £ 210 (2018- £2,9 80).

continued...

16. CURRENT ASSET INVESTMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Shares in group undertakings	-	-	1	1
Listed investments	11,646,230	11,479,773	-	-
	11,646,230	11,479,773	1	1

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £
Trade creditors	1,003,468	1,242,267
Tax	702	127,138
Social security and other taxes	60,319	81,987
VAT	2,249	-
Other creditors	18,157	10,177
Accrued expenses	856,158	880,968
	1,941,053	2,342,537

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases 2019 £	Non-cancellable operating leases 2018 £
Within one year	33,223	47,675
Between one and five years	60,619	89,342
In more than five years	-	4,500
	93,842	141,517

continued...

19. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2019	2018
	£	£
Financial assets at fair value through profit or loss		
Listed investments	11,646,230	11,479,773
	11,646,230	11,479,773
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,106,840	3,082,158
Directors' current accounts	2,906	7,338
	2,109,746	3,089,496
Financial liabilities measured at amortised cost		
Trade creditors	1,003,467	1,242,267
Other creditors	18,157	10,177
	1,021,625	1,252,444

20. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	161,754	115,854

Group

	Deferred tax
	£
Balance at 1 October 2018	115,854
Charge to Income Statement during year	45,900
Balance at 30 September 2019	161,754

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
40,000	Ordinary	£1	40,000	40,000

22. RESERVES

Group

	Retained earnings	Capital redemption reserve	Other reserves	Totals
	£	£	£	£
At 1 October 2018	16,946,402	20,000	72,499	17,038,901
Profit for the year	1,859,645			1,859,645
Dividends	(1,000,000)			(1,000,000)
At 30 September 2019	17,806,047	20,000	72,499	17,898,546

continued...

22. **RESERVES - continued**

23. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 30 September 2019 and 30 September 2018:

	2019	2018
	£	£
M E Hazell		
Balance outstanding at start of year	7,338	2,910
Amounts advanced	7,153	21,055
Amounts repaid	(11,585)	(16,627)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	2,906	7,338

24. **ULTIMATE CONTROLLING PARTY**

Mr Hazell is the ultimate controlling party.

25. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
Profit before taxation	2,019,874	2,891,924
Depreciation charges	299,102	206,179
Profit on disposal of fixed assets	(5,200)	(10,250)
(Profit)/Loss on sale of investment	(88,174)	(27,110)
Fair value loss (gain) on investment	(191,680)	(976,859)
Finance income	(326,761)	(269,760)
	1,707,161	1,814,124
(Increase)/decrease in stocks	(8,604)	17,632
Decrease/(increase) in trade and other debtors	1,376,656	(1,238,149)
(Decrease)/increase in trade and other creditors	(275,048)	305,891
Cash generated from operations	2,800,165	899,498

26. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2019

	30.9.19	1.10.18
	£	£
Cash and cash equivalents	3,100,284	1,839,991

Year ended 30 September 2018

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	1,839,991	2,508,517