

Company Registration No. 02321021 (England and Wales)

GEMACO HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

GEMACO HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A Lodge J Lodge
Company number	02321021
Registered office	32-40 Harwell Road Nuffield Industrial Estate Poole Dorset BH17 0GE
Auditor	Hill Osborne Ltd Tower House Parkstone Road Poole Dorset BH15 2JH
Business address	32-40 Harwell Road Nuffield Industrial Estate Poole Dorset BH17 0GE

GEMACO HOLDINGS LIMITED

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GEMACO HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The principal objective of the group continues to be the delivery of profitable business growth through a strategy of optimum use of the group's expertise in products, local market conditions and by investment into the latest cutting-edge technological plant and machinery.

Furthermore the group plans to expand its commercial investment property portfolio, which offers a significant additional source of income.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Principal risks and uncertainties

The key business risks and uncertainties are challenges from competitors and retention of key employees.

The directors do not believe the group will be significantly affected by Brexit, or by an increase in interest rates, which the directors believe will be gradual over the next few years.

Covid-19

The directors are taking careful steps to minimise the impact of coronavirus on the group. This includes prioritising staff safety by carrying out risk assessments and ensuring the business continues without interruption.

The directors are monitoring the situation closely to assess the effect of coronavirus on the business. Although the full duration and impact of coronavirus on the economy is unknown, the group is currently in a strong position with sales forecasts for the year ending 31 December 2021 to exceed the previous year.

Development and performance

The commercial environment is expected to be challenging for the year ahead, but the directors are confident they will see an increase in the growth of the business due to securing a number of large contracts and having recently expanded its investment property portfolio.

GEMACO HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

The directors use a number of measures, both financial and non-financial, to monitor the performance of the group.

They regard the following as the key financial indicators of performance:-

	2020	2019
	£	£
Turnover	6,963,106	5,954,212
Profit before tax (including increase in fair value of investment properties)	1,365,195	547,142
	%	%
Gross profit margin	37.26	37.00
Net profit margin	15.72	7.13

On behalf of the board

.....
A Lodge

Director

.....

GEMACO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the group continued to be that of cable manufacture and the letting of industrial properties.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £289,200. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Lodge

J Lodge

Auditor

In accordance with the company's articles, a resolution proposing that Hill Osborne Ltd be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A Lodge

Director

30 September 2021

GEMACO HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual 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 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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GEMACO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEMACO HOLDINGS LIMITED

Opinion

We have audited the financial statements of Gemaco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 *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 the parent company's affairs as at 31 December 2020 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 *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

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

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

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

Other information

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

We have nothing to report in this regard.

GEMACO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GEMACO HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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 strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures in response to those risks, including obtaining appropriate audit evidence to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- the nature of the industry and the laws and regulations that the company must comply with, in particular regarding health and safety
- the company's own assessment of the risks that irregularities may occur as a result of fraud or error
- results of our enquiries of management

GEMACO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GEMACO HOLDINGS LIMITED

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures
- enquiring of management
- reviewing insurance certificates are up to date
- in addressing the risk of fraud through management override we have assessed whether the judgements made made in making accounting estimates are indicative of a potential bias and tested the appropriateness of journal entries.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Hill (Senior Statutory Auditor)
For and on behalf of Hill Osborne Ltd

30 September 2021

Chartered Accountants
Statutory Auditor

Tower House
Parkstone Road
Poole
Dorset
BH15 2JH

GEMACO HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	6,963,106	5,954,212
Cost of sales		(4,416,346)	(3,750,641)
Gross profit		2,546,760	2,203,571
Administrative expenses		(1,539,091)	(1,504,456)
Other operating income		-	2,000
Operating profit	4	1,007,669	701,115
Interest receivable and similar income	8	5,733	6,506
Interest payable and similar expenses	9	(122,398)	(142,573)
Fair value gains and losses on investment properties		474,191	(17,906)
Profit before taxation		1,365,195	547,142
Tax on profit	10	(270,350)	(122,440)
Profit for the financial year		1,094,845	424,702

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GEMACO HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	1,094,845	424,702
Other comprehensive income		
Tax relating to other comprehensive income	-	(2,958)
Total comprehensive income for the year	<u>1,094,845</u>	<u>421,744</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

GEMACO HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	12	142,210		180,036	
Tangible assets	13	4,239,130		4,272,093	
Investment properties	14	3,422,014		2,947,823	
			7,803,354		7,399,952
Current assets					
Stocks	18	1,641,648		1,487,746	
Debtors	19	1,564,976		1,551,649	
Cash at bank and in hand		826,301		496,433	
			4,032,925		3,535,828
Creditors: amounts falling due within one year	20	(1,494,631)		(1,457,785)	
Net current assets			2,538,294		2,078,043
Total assets less current liabilities			10,341,648		9,477,995
Creditors: amounts falling due after more than one year	21		(3,488,130)		(3,527,093)
Provisions for liabilities					
Deferred tax liability	24	390,939		293,968	
			(390,939)		(293,968)
Net assets			6,462,579		5,656,934
Capital and reserves					
Called up share capital	27	4,000		4,000	
Share premium account		70,000		70,000	
Non-distributable profits reserve		2,754,030		2,369,687	
Capital redemption reserve		500		500	
Profit and loss reserves		3,634,049		3,212,747	
Total equity			6,462,579		5,656,934

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

A Lodge
Director

GEMACO HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		16,985		14,396
Investment properties	14		7,745,999		6,772,783
Investments	15		102		102
			<u>7,763,086</u>		<u>6,787,281</u>
Current assets					
Debtors	19	493,253		537,021	
Cash at bank and in hand		43,938		30,683	
		<u>537,191</u>		<u>567,704</u>	
Creditors: amounts falling due within one year	20	(581,281)		(523,755)	
Net current (liabilities)/assets			<u>(44,090)</u>		<u>43,949</u>
Total assets less current liabilities			7,718,996		6,831,230
Creditors: amounts falling due after more than one year	21		(3,144,831)		(3,214,689)
Provisions for liabilities					
Deferred tax liability	24	455,251		246,489	
		<u>(455,251)</u>		<u>(246,489)</u>	
Net assets			<u>4,118,914</u>		<u>3,370,052</u>
Capital and reserves					
Called up share capital	27		4,000		4,000
Share premium account			70,000		70,000
Non distributable profit reserve			3,134,141		2,369,687
Capital redemption reserve			500		500
Profit and loss reserves			910,273		925,865
Total equity			<u>4,118,914</u>		<u>3,370,052</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,038,062 (2019 - £219,117 profit).

GEMACO HOLDINGS LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

A Lodge
Director

Company Registration No. 02321021

GEMACO HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Non-distributable profit reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		4,000	70,000	2,372,645	500	3,026,044	5,444,957
Year ended 31 December 2019:							
Profit for the year		-	-	-	-	424,702	424,702
Other comprehensive income:							
Tax relating to other comprehensive income		-	-	(2,958)	-	-	(2,958)
Total comprehensive income for the year		-	-	(2,958)	-	424,702	421,744
Dividends	11	-	-	-	-	(238,000)	(238,000)
Balance at 31 December 2019		4,000	70,000	2,369,687	500	3,212,747	5,656,934
Year ended 31 December 2020:							
Profit and total comprehensive income for the year		-	-	-	-	1,094,845	1,094,845
Dividends	11	-	-	-	-	(289,200)	(289,200)
Transfers		-	-	-	-	(384,343)	(384,343)
Other movements		-	-	384,343	-	-	384,343
Balance at 31 December 2020		4,000	70,000	2,754,030	500	3,634,049	6,462,579

GEMACO HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Non-distributable profit reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		4,000	70,000	2,372,645	500	944,749	3,391,894
Year ended 31 December 2019:							
Profit for the year		-	-	-	-	219,116	219,116
Other comprehensive income:							
Tax relating to other comprehensive income		-	-	(2,958)	-	-	(2,958)
Total comprehensive income for the year		-	-	(2,958)	-	219,116	216,158
Dividends	11	-	-	-	-	(238,000)	(238,000)
Balance at 31 December 2019		4,000	70,000	2,369,687	500	925,865	3,370,052
Year ended 31 December 2020:							
Profit and total comprehensive income for the year		-	-	-	-	1,038,062	1,038,062
Dividends	11	-	-	-	-	(289,200)	(289,200)
Transfers		-	-	-	-	(764,454)	(764,454)
Other movements		-	-	764,454	-	-	764,454
Balance at 31 December 2020		4,000	70,000	3,134,141	500	910,273	4,118,914

GEMACO HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	33	1,100,622	824,229
Interest paid		(122,398)	(142,573)
Income taxes paid		(77,172)	(44,383)
Net cash inflow from operating activities		901,052	637,273
Investing activities			
Purchase of tangible fixed assets		(168,601)	(95,357)
Other investments and loans made		-	(10,000)
Proceeds from other investments and loans		99,590	(51,306)
Interest received		5,733	6,506
Net cash used in investing activities		(63,278)	(150,157)
Financing activities			
Repayment of bank loans		(19,002)	(144,374)
Payment of finance leases obligations		(24,933)	(82,811)
Dividends paid to equity shareholders		(289,200)	(238,000)
Net cash used in financing activities		(333,135)	(465,185)
Net increase in cash and cash equivalents		504,639	21,931
Cash and cash equivalents at beginning of year		321,662	299,730
Cash and cash equivalents at end of year		826,301	321,662
Relating to:			
Cash at bank and in hand		826,301	496,433
Bank overdrafts included in creditors payable within one year		-	(174,771)

GEMACO HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	34	387,702		591,280	
Interest paid		(107,524)		(117,562)	
Income taxes refunded/(paid)		2,148		(8,379)	
Net cash inflow from operating activities		282,326		465,339	
Investing activities					
Purchase of tangible fixed assets		(8,250)		-	
Purchase of investment property		-		(21,580)	
Receipts arising from loans made		88,590		(51,306)	
Interest received		5,597		6,506	
Net cash generated from/(used in) investing activities		85,937		(66,380)	
Financing activities					
Repayment of bank loans		(65,808)		(136,707)	
Dividends paid to equity shareholders		(289,200)		(238,000)	
Net cash used in financing activities		(355,008)		(374,707)	
Net increase in cash and cash equivalents		13,255		24,252	
Cash and cash equivalents at beginning of year		30,683		6,431	
Cash and cash equivalents at end of year		43,938		30,683	

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Gemaco Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 32-40 Harwell Road, Nuffield Industrial Estate, Poole, Dorset, BH17 0GE.

The group consists of Gemaco Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Gemaco Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	10 years straight line
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	10 years straight line
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover		
Manufacturing sales	6,675,358	5,670,917
Rental income	278,665	276,037
Management charges	9,083	7,258
	<u>6,963,106</u>	<u>5,954,212</u>

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

Other significant revenue

Interest income	5,733	6,506
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4 Operating profit

2020
£

2019
£

Operating profit for the year is stated after charging/(crediting):

Exchange losses	3,070	595
Depreciation of owned tangible fixed assets	129,300	122,862
Depreciation of tangible fixed assets held under finance leases	72,264	81,394
Profit on disposal of tangible fixed assets	-	477
Amortisation of intangible assets	37,826	49,826
Cost of stocks recognised as an expense	2,354,532	1,845,117
Operating lease charges	30,203	28,580

5 Auditor's remuneration

2020
£

2019
£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	6,900	6,750
Audit of the financial statements of the company's subsidiaries	15,514	15,364
	22,414	22,114

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration	73	73	4	4
Directors	2	2	2	2
Total	75	75	6	6

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,278,563	2,013,960	173,576	131,480
Social security costs	196,670	163,787	20,546	12,300
Pension costs	17,738	14,375	-	-
	<u>2,492,971</u>	<u>2,192,122</u>	<u>194,122</u>	<u>143,780</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>31,250</u>	<u>24,730</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	136	-
Other interest income	5,597	6,506
Total income	<u>5,733</u>	<u>6,506</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>136</u>	<u>-</u>
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9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	102,664	118,784
Other interest on financial liabilities	2,879	3,389
	<u>105,543</u>	<u>122,173</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	8,454	13,358
Other interest	8,401	7,042
Total finance costs	<u>122,398</u>	<u>142,573</u>

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	173,379	130,324
Deferred tax		
Origination and reversal of timing differences	96,971	(7,884)
Total tax charge	270,350	122,440

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,365,195	547,142
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	259,387	103,957
Tax effect of expenses that are not deductible in determining taxable profit	1,222	4,878
Permanent capital allowances in excess of depreciation	2,866	11,520
Depreciation on assets not qualifying for tax allowances	-	9,969
Deferred tax adjustments in respect of prior years	7,123	(7,884)
Deferred tax	89,848	-
Tax on increase in fair value of investment properties	(90,096)	-
Taxation charge	270,350	122,440

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	-	2,958

11 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Interim paid	289,200	238,000

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible fixed assets

Group	Development Costs
	£
Cost	
At 1 January 2020 and 31 December 2020	434,649
Amortisation and impairment	
At 1 January 2020	254,613
Amortisation charged for the year	37,826
At 31 December 2020	292,439
Carrying amount	
At 31 December 2020	142,210
At 31 December 2019	180,036

13 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2020	3,824,960	26,566	2,529,836	230,254	52,900	6,664,516
Additions	-	-	125,915	42,686	-	168,601
At 31 December 2020	3,824,960	26,566	2,655,751	272,940	52,900	6,833,117
Depreciation and impairment						
At 1 January 2020	101,018	18,138	2,039,255	190,561	43,451	2,392,423
Depreciation charged in the year	22,233	2,657	153,718	20,594	2,362	201,564
At 31 December 2020	123,251	20,795	2,192,973	211,155	45,813	2,593,987
Carrying amount						
At 31 December 2020	3,701,709	5,771	462,778	61,785	7,087	4,239,130
At 31 December 2019	3,723,942	8,428	490,581	39,693	9,449	4,272,093

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

(Continued)

Company	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	491,136	84,185	31,514	606,835
Additions	8,250	-	-	8,250
At 31 December 2020	499,386	84,185	31,514	615,085
Depreciation and impairment				
At 1 January 2020	484,569	82,744	25,126	592,439
Depreciation charged in the year	3,704	360	1,597	5,661
At 31 December 2020	488,273	83,104	26,723	598,100
Carrying amount				
At 31 December 2020	11,113	1,081	4,791	16,985
At 31 December 2019	6,567	1,441	6,388	14,396

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	207,825	239,176	-	-
Motor vehicles	3,756	5,008	3,756	5,008
	211,581	244,184	3,756	5,008

14 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 January 2020	2,947,823	6,772,783
Net gains or losses through fair value adjustments	474,191	973,216
At 31 December 2020	3,422,014	7,745,999

Investment property comprises three properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors' of the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	102	102

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020 and 31 December 2020	102
Carrying amount	
At 31 December 2020	102
At 31 December 2019	102

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Cable First Limited	32-40 Harwell Road, Poole, Dorset, BH17 0GE	Cable manufacturers	Ordinary	100.00
Concept Cables Limited	Concept House, Shaftesbury Road, Blandford Heights, Blandford Forum, Dorset, DT11 7TE	Cable manufacturers	Ordinary	100.00
Plasticable Limited	Concept House, Shaftesbury Road, Blandford Heights, Blandford Forum, Dorset, DT11 7TE	Cable manufacturers	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Cable First Limited	1,153,116	350,052
Concept Cables Limited	1,692,421	147,998
Plasticable Limited	88,895	

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,485,140	1,470,478	437,828	478,554
Carrying amount of financial liabilities				
Measured at amortised cost	4,429,468	4,542,405	3,499,195	3,577,818

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,641,648	1,487,746	-	-

19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,109,490	981,448	30,385	14,435
Amounts owed by group undertakings	-	-	44,929	-
Other debtors	399,779	512,131	386,324	486,901
Prepayments and accrued income	55,707	58,070	31,615	35,685
	1,564,976	1,551,649	493,253	537,021

20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	138,165	312,080	138,165	134,115
Obligations under finance leases	23	109,518	115,346	-	-
Other borrowings	22	97,600	97,600	95,000	95,000
Trade creditors		556,513	450,895	13,810	17,483
Amounts owed to group undertakings		-	-	86,500	95,793
Corporation tax payable		309,009	212,802	174,176	109,603
Other taxation and social security		218,923	204,310	6,130	4,412
Deferred income	25	25,361	25,361	46,611	46,611
Other creditors		12,082	11,931	11,889	11,738
Accruals and deferred income		27,460	27,460	9,000	9,000
		1,494,631	1,457,785	581,281	523,755

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	3,194,831	3,214,689	3,144,831	3,214,689
Obligations under finance leases	23	293,299	312,404	-	-
		<u>3,488,130</u>	<u>3,527,093</u>	<u>3,144,831</u>	<u>3,214,689</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	2,480,760	2,636,457	2,480,760	2,636,457
	<u>2,480,760</u>	<u>2,636,457</u>	<u>2,480,760</u>	<u>2,636,457</u>

22 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	3,332,996	3,351,998	3,282,996	3,348,804
Bank overdrafts	-	174,771	-	-
Other loans	97,600	97,600	95,000	95,000
	<u>3,430,596</u>	<u>3,624,369</u>	<u>3,377,996</u>	<u>3,443,804</u>
Payable within one year	235,765	409,680	233,165	229,115
Payable after one year	3,194,831	3,214,689	3,144,831	3,214,689
	<u>3,430,596</u>	<u>3,624,369</u>	<u>3,377,996</u>	<u>3,443,804</u>

The long-term loans are secured by fixed charges over the company's assets

The long-term loans are secured by fixed charges over the group's assets.

23 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	109,518	115,346	-	-
In two to five years	293,299	273,508	-	-
In over five years	-	38,896	-	-
	<u>402,817</u>	<u>427,750</u>	<u>-</u>	<u>-</u>

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	54,602	47,479
Revaluations	336,337	246,489
	<u>390,939</u>	<u>293,968</u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Revaluations	455,251	246,489
	<u>455,251</u>	<u>246,489</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 January 2020	293,968	246,489
Charge to profit or loss	96,971	208,762
	<u>390,939</u>	<u>455,251</u>
Liability at 31 December 2020	<u>390,939</u>	<u>455,251</u>

25 Deferred income

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other deferred income	25,361	25,361	46,611	46,611
	<u>25,361</u>	<u>25,361</u>	<u>46,611</u>	<u>46,611</u>

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	17,738	14,375

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

	Group and company	
	2020	2019
Ordinary share capital	£	£
Authorised		
40,000 Ordinary shares class A of 10p each	4,000	4,000
5,000 Ordinary shares class C of 10p each	500	500
	4,500	4,500
Issued and fully paid		
40,000 Ordinary shares class A of 10p each	4,000	4,000

The company has one class of ordinary shares which carry no right to fixed income.

28 Financial commitments, guarantees and contingent liabilities

The group's bankers hold an Unlimited Multilateral Guarantee over Gemaco Holdings Limited and its subsidiary companies.

Leoni Draft GMBH, a supplier of Concept Cables Limited holds a third party cross guarantees given by Gemaco Holdings Limited in favour of Concept Cables Limited for £50,000.

29 Operating lease commitments

Lessor

The operating leases represent leases to third parties. The leases are negotiated over terms of 10 years.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	525,046	525,046	525,046	525,046
Between two and five years	700,360	700,360	700,360	700,360
In over five years	550,000	725,090	550,000	725,090
	1,775,406	1,950,496	1,775,406	1,950,496

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	264,662	259,001

Transactions with related parties

Wages and salaries

During the year the company paid wages amounting to £56,700 to close family members of the directors' and shareholders.

Shareholder loan

During the year the group advanced £97,514 to a majority shareholder of the group. They repaid £144,559 and paid interest amounting to £2,798. At the year end they owed the group £100,264 (2019: £144,559).

Related party loan

During 2018 the group advanced £160,000 to A J Kewley a director of Concept Cables Ltd. Interest was charged on this loan at a rate of 2.5%. At the year end the balance due to the group was £160,000.

31 Directors' transactions

Dividends totalling £144,593 (2019 - £118,994) were paid in the year in respect of shares held by the company's directors.

Loans have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Loan	2.31	144,559	153,494	2,798	(200,588)	100,263
		144,559	153,494	2,798	(200,588)	100,263

32 Controlling party

The ultimate controlling party is Mr P Lodge, by virtue of the fact that he owns 50.0025% of the 'A' class ordinary shares issued.

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

33 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	1,094,845	424,702
Adjustments for:		
Taxation charged	270,350	122,440
Finance costs	122,398	142,573
Investment income	(5,733)	(6,506)
(Gain)/loss on disposal of tangible fixed assets	-	477
Amortisation and impairment of intangible assets	37,826	49,826
Depreciation and impairment of tangible fixed assets	201,564	204,256
Related party loan write off	(474,191)	17,906
Movements in working capital:		
(Increase) in stocks	(153,902)	(92,887)
(Increase) in debtors	(111,889)	(93,673)
Increase in creditors	119,354	52,464
(Decrease)/increase in deferred income	-	2,651
Cash generated from operations	1,100,622	824,229

33 Cash generated from operations - company

	2020 £	2019 £
Profit for the year after tax	1,038,062	219,116
Adjustments for:		
Taxation charged	271,187	51,293
Finance costs	107,524	117,562
Investment income	(5,597)	(6,506)
(Gain)/loss on disposal of tangible fixed assets	-	477
Depreciation and impairment of tangible fixed assets	5,661	4,799
Related party loan write off	(973,216)	-
Movements in working capital:		
(Increase)/decrease in debtors	(43,794)	206,917
(Decrease) in creditors	(12,125)	(5,059)
(Decrease)/increase in deferred income	-	2,651
Cash generated from operations	387,702	591,280

GEMACO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 Analysis of changes in net debt - group

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	496,433	329,868	826,301
Bank overdrafts	(174,771)	174,771	-
	<u>321,662</u>	<u>504,639</u>	<u>826,301</u>
Borrowings excluding overdrafts	(3,449,598)	19,002	(3,430,596)
Obligations under finance leases	(427,750)	24,933	(402,817)
	<u>(3,555,686)</u>	<u>548,574</u>	<u>(3,007,112)</u>

36 Analysis of changes in net debt - company

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	30,683	13,255	43,938
Borrowings excluding overdrafts	(3,443,804)	65,808	(3,377,996)
	<u>(3,413,121)</u>	<u>79,063</u>	<u>(3,334,058)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.