

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
SCOMAC CATERING EQUIPMENT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

SCOMAC CATERING EQUIPMENT LIMITED

COMPANY INFORMATION
For The Year Ended 31 December 2020

DIRECTORS:

M Imlah
A M Imlah
S Shepherd
M A J Street

SECRETARY:

M A J Street

REGISTERED OFFICE:

Unitech House
Prospect Road
Burntwood
Staffordshire
WS7 0AU

REGISTERED NUMBER:

02841935

AUDITORS:

Fortus Audit LLP
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

STRATEGIC REPORT
For The Year Ended 31 December 2020

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

REVIEW OF BUSINESS

Principal Activities

The company's principal activities are the design, bespoke manufacture, distribution and maintenance of commercial catering equipment.

Result and performance

As a result of the COVID-19 pandemic trade has decreased from the prior year:

- Turnover was down 39.8% at £8.2m (2019: £13.6m)
- Gross profit margin was 21% (2019: 26%) in tough trading conditions
- Net Assets are £0.9m (2019: £1.2m)
- Loss for the year after tax was £8,411 (2019: Profit £366,916)

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has a well-established process for identifying, evaluating, and managing the business risks faced by the Company. Business risks are identified and evaluated through the management team's ongoing review of progress against strategic objectives. The business risks include:

- Health and Safety risk
- Operational risks arising from the nature of the work undertaken
- External business risks, including regulatory and compliance obligations
- Legal risks resulting from contracts with suppliers and customers
- Financing risks, including hedging of interest and exchange
- Tax risk
- Information risks such as data protection, cyber security, and integrity of IT systems. ·

Furthermore, we assess risks as regards our market sectors, competitors, partnerships, and the impact of political decisions which may influence our trading activity. ·

The principal risks and uncertainties facing the company are:

Price Risk

The Company operates in a competitive industry and manages the risk this poses through continued investment in people, equipment, and service offering. A balanced portfolio of customers and services is maintained to mitigate the overall exposure.

Credit risk

The Company is primarily exposed to credit risk from credit sales. It is Company policy that all new customers are reviewed for credit worthiness and appropriate credit limits are established at the outset of any new customer relationship. Ongoing monitoring involved the services of an external credit agency which provide alerts to changes in financial circumstances.

Liquidity risk

The Company actively manages working capital and its debt facilities through rolling cash flow projections and live cash reporting. The policies seek to ensure sufficient liquidity is available to meet the working capital needs of the business whilst maintaining a healthy level of investment and re-investment.

Cash flow risk

The Company finances its operations through a mixture of retained profits and cash balances as well as secured bank and hire purchase debt. Debt facilities are subject to a mixture of fixed and variable rate interest in order to mitigate risk associated with rising interest rates whilst providing opportunity for upside potential should interest rates fall.

STRATEGIC REPORT
For The Year Ended 31 December 2020

GOING CONCERN AND COVID-19

The management team have been reviewing the Company's cash flow forecasts looking forward every week. The Board have considered these forecasts and are satisfied that the cash flow forecasts for the period of 12 months from the date of signing the financial statements, in the light of Coronavirus and taking account of certain Government assistance, show that the Company can meet its liabilities as they fall due.

Our prudent approach to maintaining a strong cash position, our low level of gearing and supportive funders means that we are well placed to weather the challenges that Coronavirus and any subsequent recession present to us. For these reasons, the Board has adopted the going concern basis of accounting in preparing these financial statements.

Since the Covid-19 outbreak in early 2020 the Group has been exposed to additional risks due to the impact on the hospitality sector, this has adversely affected the group sales, as well as the potential impact on its employees. However, the company has mitigated the reduction in turnover through the utilisation of the JRS government scheme and a tightening of controls over costs and working capital such that the impact on profitability and cashflow has been managed. The business has also invested and carried out various health and safety measures in line with government guidance to, as far as possible, keep its employees safe.

ON BEHALF OF THE BOARD:

A M Imlah - Director

2 July 2021

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

Interim dividends of £300,000 (2019: £370,000) were paid during the year. The directors recommend that no final dividend be paid.

RESEARCH AND DEVELOPMENT

The directors are optimistic that the investment in development of new products will create greater marketing opportunities and increased sales.

FUTURE DEVELOPMENTS

The directors continue to innovate, building on the company's existing customer portfolio and product range.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

M Imlah
A M Imlah
S Shepherd
M A J Street

FINANCIAL INSTRUMENTS

The company utilises various financial instruments including loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A M Imlah - Director

2 July 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SCOMAC CATERING EQUIPMENT LIMITED**

Opinion

We have audited the financial statements of Scomac Catering Equipment Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

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.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

- We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

- Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

- We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias."

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.

Emma Jones FCCA (Senior Statutory Auditor)
for and on behalf of Fortus Audit LLP
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

2 July 2021

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2020

		2020	2019
	Notes	£	£
TURNOVER	3	8,207,770	13,639,303
Cost of sales		<u>6,479,203</u>	<u>10,066,540</u>
GROSS PROFIT		1,728,567	3,572,763
Administrative expenses		<u>2,468,537</u>	<u>3,153,291</u>
		(739,970)	419,472
Other operating income		<u>705,424</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	5	(34,546)	419,472
Interest receivable and similar income		<u>373</u>	<u>-</u>
		(34,173)	419,472
Interest payable and similar expenses	6	<u>2,374</u>	<u>5,567</u>
(LOSS)/PROFIT BEFORE TAXATION		(36,547)	413,905
Tax on (loss)/profit	7	<u>(28,136)</u>	<u>46,989</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(8,411)	366,916
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(8,411)</u>	<u>366,916</u>

The notes form part of these financial statements

BALANCE SHEET
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	9		392,313		466,787
CURRENT ASSETS					
Stocks	10	192,706		254,091	
Debtors	11	2,838,794		3,830,732	
Cash at bank and in hand		<u>248,771</u>		<u>2,731</u>	
		3,280,271		4,087,554	
CREDITORS					
Amounts falling due within one year	12	<u>2,763,611</u>		<u>3,315,329</u>	
NET CURRENT ASSETS			<u>516,660</u>		<u>772,225</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>908,973</u>		<u>1,239,012</u>
CREDITORS					
Amounts falling due after more than one year	13		<u>11,564</u>		<u>33,192</u>
NET ASSETS			<u><u>897,409</u></u>		<u><u>1,205,820</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		106		106
Retained earnings	18		<u>897,303</u>		<u>1,205,714</u>
SHAREHOLDERS' FUNDS			<u><u>897,409</u></u>		<u><u>1,205,820</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 July 2021 and were signed on its behalf by:

A M Imlah - Director

M A J Street - Director

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	106	1,208,798	1,208,904
Changes in equity			
Dividends	-	(370,000)	(370,000)
Total comprehensive income	-	366,916	366,916
Balance at 31 December 2019	<u>106</u>	<u>1,205,714</u>	<u>1,205,820</u>
Changes in equity			
Dividends	-	(300,000)	(300,000)
Total comprehensive income	-	(8,411)	(8,411)
Balance at 31 December 2020	<u><u>106</u></u>	<u><u>897,303</u></u>	<u><u>897,409</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2020

1. STATUTORY INFORMATION

Scomac Catering Equipment 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 Company Information page. The company's business address is as follows:

1 Bell Square
 Livingston
 EH54 9BY

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There were no material departures from that standard.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported. These estimates and judgements are continually reviewed and are based on experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition - long term contracts

Revenue is recognised on long term contracts where the outcome of the contract can reliably be estimated. Revenue and costs are recognised based on the work performed at the date of the balance sheet. This is measured looking at the actual costs incurred to date as a percentage of the total estimated costs of the project. The estimated costs of a contract are based on detailed models of expected costs, which are regularly reviewed as the project progresses. Adjustments to total expected costs are updated as required.

Revenue is based on contracted amounts, and variations to the extent that they are considered reliable and the receipt can be considered probable. Management assess the likelihood that variations will be recovered considering: the contractual position, success rate of similar claims and the ability of the customer to accept the variation.

Stock provisioning

The group supplies, installs and maintains equipment which is subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Management consider the nature and condition of stock, as well as apply assumptions around expected future demand for the stock, when calculating the level stock provisioning.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax, and includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point when the customer takes delivery of the goods.

Turnover from the rendering of services is recognised when they are performed, and the outcome can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued**Tangible fixed assets and depreciation**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% - 50% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 50% on reducing balance

Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses.

No depreciation is provided in respect of the freehold property, which is held for use by the group, on the grounds that the directors believe that the estimated residual value of the property is not materially different from the carrying value of the asset, and that this policy reflects a true and fair view in the financial statements.

Tangible fixed assets are depreciated on net book values at the following annual rates apart from those of low cost which are charged to revenue in the year of purchase.

Government grants

Government grants relating to the Coronavirus Job Retention Scheme are recognised in income in the period in which it becomes receivable under the performance model.

Stocks

Raw materials, consumables and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell after making due allowance for obsolete and slow moving stock.

Financial instruments

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, and loans from fellow Group companies, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position/balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end/balance sheet. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Tangible fixed assets financed by leasing agreements that give rights approximating to ownership ("finance leases") are capitalised, and outstanding lease instalments are shown under creditors. Depreciation on such assets, which is calculated on the above basis, and the interest element of the leasing payments are charged to revenue as are rentals payable under operating leases.

Pension costs and other post-retirement benefits

The company operates defined contributions schemes for the benefit of all employees eligible to participate. Contributions are charged annually to the profit and loss and the asset of the pension schemes are invested externally and managed by insurance companies.

Going concern

The directors have considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

3. TURNOVER

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Sale of goods	7,788,877	13,137,799
Maintenance contracts	418,893	501,504
	<u>8,207,770</u>	<u>13,639,303</u>

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	8,207,770	13,639,303
	<u>8,207,770</u>	<u>13,639,303</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	2,753,274	3,105,999
Social security costs	237,288	262,915
Other pension costs	67,208	64,486
	<u>3,057,770</u>	<u>3,433,400</u>

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

	2020	2019
Production	69	72
Administration	24	24
	<u>93</u>	<u>96</u>

	2020	2019
	£	£
Directors' remuneration	102,274	125,406
Directors' pension contributions to money purchase schemes	<u>2,610</u>	<u>2,400</u>

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

	2020	2019
Money purchase schemes	<u>1</u>	<u>1</u>

5. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	58,380	35,888
Depreciation - assets on hire purchase contracts	16,726	64,441
Loss on disposal of fixed assets	1,368	21,023
Auditors' remuneration	10,000	10,000
Auditors' remuneration for non audit work	<u>5,000</u>	<u>5,948</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	191	379
Hire purchase	<u>2,183</u>	<u>5,188</u>
	<u>2,374</u>	<u>5,567</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	(29,917)	-
Group relief	(11,331)	71,756
Total current tax	<u>(41,248)</u>	<u>71,756</u>
Deferred tax	13,112	(24,767)
Tax on (loss)/profit	<u>(28,136)</u>	<u>46,989</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax (credit)/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:

	2020 £	2019 £
(Loss)/profit before tax	<u>(36,547)</u>	<u>413,905</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(6,944)	78,642
Effects of:		
Expenses not deductible for tax purposes	297	18,532
Income not taxable for tax purposes	(15,655)	-
Depreciation in excess of capital allowances	2,284	4,848
Research & development	(30,515)	(30,266)
Deferred tax	13,112	(24,767)
Losses surrendered	9,285	-
Total tax (credit)/charge	<u>(28,136)</u>	<u>46,989</u>

The Finance Act 2020 enacted legislation to maintain the current rate of Corporation Tax at 19% up until at least the tax year ended April 2022, hence deferred tax has been recognised at this rate at 31 December 2020.

8. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £0.10 each		
Interim	<u>300,000</u>	<u>370,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2020	155,195	417,344	811,716	97,355	1,481,610
Additions	-	2,000	-	-	2,000
Disposals	-	-	(13,662)	(50,628)	(64,290)
At 31 December 2020	<u>155,195</u>	<u>419,344</u>	<u>798,054</u>	<u>46,727</u>	<u>1,419,320</u>
DEPRECIATION					
At 1 January 2020	-	348,838	572,751	93,234	1,014,823
Charge for year	-	13,644	59,401	2,061	75,106
Eliminated on disposal	-	-	(12,294)	(50,628)	(62,922)
At 31 December 2020	<u>-</u>	<u>362,482</u>	<u>619,858</u>	<u>44,667</u>	<u>1,027,007</u>
NET BOOK VALUE					
At 31 December 2020	<u>155,195</u>	<u>56,862</u>	<u>178,196</u>	<u>2,060</u>	<u>392,313</u>
At 31 December 2019	<u>155,195</u>	<u>68,506</u>	<u>238,965</u>	<u>4,121</u>	<u>466,787</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2020	304,790
Transfer to ownership	(192,749)
At 31 December 2020	<u>112,041</u>
DEPRECIATION	
At 1 January 2020	168,009
Charge for year	16,726
Transfer to ownership	(114,293)
At 31 December 2020	<u>70,442</u>
NET BOOK VALUE	
At 31 December 2020	<u>41,599</u>
At 31 December 2019	<u>136,781</u>

10. STOCKS

	2020 £	2019 £
Raw materials	136,809	147,807
Work-in-progress	<u>55,897</u>	<u>106,284</u>
	<u>192,706</u>	<u>254,091</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

11.	DEBTORS	2020 £	2019 £
	Amounts falling due within one year:		
	Trade debtors	2,320,003	3,236,549
	Amounts owed by group undertakings	212,753	226,918
	Other debtors	22	125
	Tax	29,917	-
	Deferred tax asset	23,462	36,574
	Prepayments	219,304	197,233
		<u>2,805,461</u>	<u>3,697,399</u>
	Amounts falling due after more than one year:		
	Prepayments and accrued income	<u>33,333</u>	<u>133,333</u>
	Aggregate amounts	<u>2,838,794</u>	<u>3,830,732</u>
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020 £	2019 £
	Bank loans and overdrafts (see note 14)	377,643	621,311
	Hire purchase contracts (see note 15)	21,628	29,398
	Trade creditors	1,311,777	1,980,448
	Amounts owed to group undertakings	12,873	104,505
	Social security and other taxes	57,431	71,743
	VAT	430,973	267,824
	Other creditors	494,740	112,953
	Accruals and deferred income	56,546	127,147
		<u>2,763,611</u>	<u>3,315,329</u>
13.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2020 £	2019 £
	Hire purchase contracts (see note 15)	<u>11,564</u>	<u>33,192</u>
14.	LOANS		
	An analysis of the maturity of loans is given below:		
		2020 £	2019 £
	Amounts falling due within one year or on demand:		
	Bank overdrafts	<u>377,643</u>	<u>621,311</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Gross obligations repayable:		
Within one year	22,669	31,484
Between one and five years	<u>11,796</u>	<u>34,465</u>
	<u>34,465</u>	<u>65,949</u>
Finance charges repayable:		
Within one year	1,041	2,086
Between one and five years	<u>232</u>	<u>1,273</u>
	<u>1,273</u>	<u>3,359</u>
Net obligations repayable:		
Within one year	21,628	29,398
Between one and five years	<u>11,564</u>	<u>33,192</u>
	<u>33,192</u>	<u>62,590</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Hire purchase contracts	<u>33,192</u>	<u>62,590</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

1,059 Ordinary

Nominal
value:
£0.10

2020 £	2019 £
<u>106</u>	<u>106</u>

18. RESERVES

	Retained earnings £
At 1 January 2020	1,205,714
Deficit for the year	(8,411)
Dividends	<u>(300,000)</u>
At 31 December 2020	<u>897,303</u>

19. OTHER FINANCIAL COMMITMENTS

The company operates defined contribution pension schemes for the benefit of all employees eligible to participate. Contributions are charged annually to profit and loss and these amounted to £67,208 (2019: £64,486) for the year.

20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

20. RELATED PARTY DISCLOSURES - continued

Entities with control, joint control or significant influence over the entity

	2020	2019
	£	£
Management and asset rental charges incurred	-	124,815
Purchases	99,244	99,490
Amount due from related parties	<u>163,073</u>	<u>226,641</u>

Key management personnel of the entity or its parent

	2020	2019
	£	£
Remuneration	<u>120,546</u>	<u>127,806</u>

Fellow subsidiary companies which are not wholly owned

	2020	2019
	£	£
Sales	-	2,987
Purchases	160,560	148,849
Amount due to related parties	12,722	4,535
Amount due from related parties	<u>-</u>	<u>277</u>

21. ULTIMATE CONTROLLING PARTY

The controlling party is Unitech Industries Limited.

The ultimate controlling party is A. M. Imlah.

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.