
CENTRAX HOLDINGS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



CENTRAX HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R H H Barr, OBE (resigned 22 January 2021) C R Barr, MBE R A Barr, MBE A N Barr C H Barr I A Duffin
Company secretary	I A Duffin
Registered number	05805707
Registered office	Shaldon Road Newton Abbot Devon TQ12 4SQ
Independent auditor	KPMG LLP Chartered Accountant and Statutory Auditor Regus, 4th Floor Salt Quay House 6 North East Quay Plymouth Devon PL4 0HP
Bankers	Lloyds Bank plc 8 Royal Parade Plymouth Devon PL1 1LX HSBC UK Bank plc Stratus House Emperor Way Exeter Business Park Exeter Devon EX1 3QS
Solicitors	Ashfords LLP Ashford House Grenadier Road Exeter Devon EX1 3LH

CENTRAX HOLDINGS LIMITED

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CENTRAX HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Business review

The challenges that emerged during the early months of 2020 relating to the global Covid-19 pandemic saw the resilience of the Centrax business model tested to the full.

From the very first days, the Directors recognised that the global Covid-19 pandemic would have a major and possibly lasting impact not only on the business but also on our way of life and from the outset all necessary steps were taken to safeguard the business and its employees, closely following the advice of the Government as it unfolded at each stage.

The immediate focus was directed towards the health, safety and wellbeing of all our employees, together with the management and careful conservation of cash resources. Action to ensure the security of the Group's supply chain and revised methods of working were put in place, including the increased adoption of technology. Following on from this, financial forecasts were revised and strategies devised to address the likely short to medium term impact of the virus and the risks and opportunities that might evolve as a result.

In addition to coping with the demands and impact of the pandemic, the Directors have also continued to monitor the changes resulting from the United Kingdom's decision to leave the European Union.

In the light of these challenges, 2020 produced a resilient financial performance, in terms of both profitability and cash generation. With turnover of £60.2 million (2019: £80.0 million), operating profit of £6.5 million (2019: £7.5 million) and a net cash inflow of £6.2 million (2019: outflow £13.3 million), coupled to a healthy level of business enquiries in both new and existing markets, the prospects for 2021 and beyond are encouraging.

Ethics and values

Employees

The Group has a commitment to its employees and a number of initiatives are in place to maintain and improve the health and well-being of all employees. A policy of recruitment and development of all employees is adopted such that the Group does not discriminate on the grounds of race, religion, ethnicity, gender, age, sexuality or disability. The policy is to recruit the best person for the role and develop all employees to their maximum potential.

Bribery and corruption

The Group operates a zero tolerance policy on bribery and corruption worldwide. All employees are briefed on the requirements of The Bribery Act 2010 and are instructed never to offer, pay or solicit bribes in any form.

CENTRAX HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

Covid-19

As stated in the business review COVID-19 has had a major impact on the Group and the world economy in general. The Group has taken a number of initiatives to mitigate the impact of this pandemic where this is within their control. The global nature of this pandemic will have consequences beyond the control of the Group and the Directors continue to monitor the situation and amend their reactions to it accordingly.

Markets

End user destinations for the Group's products and services continue to be mainly focussed on the United Kingdom, Europe, Russia and North Africa. During the year under review, close attention has been paid to the Group's developing business interests in Russia, particularly with the continuing threat of further international sanctions. The Board is very aware of the geo-political risk attaching to some of the territories in which the Group does business and, in order to mitigate this risk, continues to pursue a strategy of diversification in order to reduce dependence on a limited number of specific markets.

Products

The Group has strengthened its product portfolio over recent years and continues to introduce new derivatives of gas turbine generator packages with power outputs in the range of 5MW to 14MW. The Group has a number of key suppliers on which it depends for the supply of engines, gearboxes and other major components and with which it seeks to maintain close and mutually beneficial ties. In particular, the continuing timely supply of quality engines and spare parts by Siemens is central to the Group's original equipment and maintenance contract businesses.

Employees

The flexibility and capability of the Group's employee base continues to be a key component of its operating capability. In addition to a well established apprenticeship scheme, the Group is committed to ongoing training and education across all areas of operations.

Finance

The Group continued to plan and control cashflow during the year under review, supported by the availability and underlying security of the financial facilities made available by its bankers. These facilities cover a variety of requirements and meet the needs of ongoing short, medium and long-term financing as well as enabling the Group to provide appropriate guarantees to its customers to meet contractual requirements. With a predominantly sterling cost base, coupled to revenue streams in overseas currencies, the Group is exposed to movements in foreign currency exchange rates and, in particular, the Euro, US Dollar and Russian Rouble. It is the Group's policy to secure forward currency cover where appropriate.

Research and development

The Group is committed to retaining its position at the forefront of gas turbine power generation technology and there is a programme of research and development activities to ensure new products and process development. The Group works with its gas turbine engine suppliers to maximise power output and meet emission and other environmental requirements.

Cyber and IT risks

IT systems are increasingly under malevolent and sustained external threat. The Group is reliant upon the integrity of its IT systems and their inter-connectivity worldwide. The Group ensures that all firewalls and similar software is maintained at the most up to date level and all devices have full security software. Where work is performed on customer sites cloud managed connectivity is used to minimise the risk of exposure to both parties.

The Covid-19 pandemic has necessitated a number of employees working from home. The Group has recognised the additional IT security risk inherent in this arrangement and has reviewed and updated its security arrangements where required.

CENTRAX HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial key performance indicators

	2020	2019
Turnover (£m)	60.2	80.0
Operating profit (£m)	6.5	7.5
Net cash inflow/(outflow) (£m)	6.2	(13.3)
Capital and reserves (£m)	46.8	44.3
Exports (%)	85.7	91.0
Net (debt)/cash (£m)	(0.7)	(6.9)

Directors' statement of compliance with duty to promote the success of the Group

The Directors have regard to the requirements of s172(1) Companies Act 2006 when carrying out their duties and specifically as follows:

(a) The likely consequences of any decision in the long-term.

The continued long-term health of the business is always paramount in the thoughts of the Directors since the majority of the Directors are members of the shareholding family.

(b) The interests of the Group's employees.

The Directors recognise that a major strength of its business is in the skill and flexibility of its workforce. The impact on the employees is taken into account when making decisions and regular briefing and feedback sessions are held with employees to keep them advised on major events.

(c) The need to foster the Group's business relationships with suppliers, customers and others.

The Group's principal business is in providing highly engineered products and the long-term maintenance support of these products to its customers. Maintaining good relationships with the customers is an essential part of this business. Maintaining and building good long-term relationships with suppliers underpins the Groups commitment to its customers. The Directors have to consider the impact on customers and suppliers in their decisions as it is fundamental to the business.

(d) The impact of the Group's operations on the community and the environment.

The Directors recognise that the community around the main site in the UK should not be adversely affected by the Group's operations and undertakes dialogue with individual neighbours and the local authority. For both community and environmental reasons the Directors aim to ensure that the equipment that the Group supplies and maintains conforms to appropriate environmental requirements.

(e) The desirability of the Group maintaining a reputation for high standards of business conduct.

The Directors recognise that the reputation of the Group in its business dealings is of paramount importance. The decisions of the Directors are made within the context of preserving the reputation of the Group and with a zero-tolerance approach to any illegal or other actions which may harm the reputation of the business.

(f) The need to act fairly as between members of the Group.

The Directors regularly communicate with the Shareholders to ensure that they are properly informed on all matters that affect them as members of the Group.

CENTRAX HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the Board on 8 September 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'C R Barr', with a stylized flourish at the end.

C R Barr, MBE
Director

CENTRAX HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

RHH Barr, OBE

It is with great sadness that the Directors record the passing of one of the Group's original co-founders, RHH Barr, OBE, who died after a short illness at his home on 22nd January 2021, at the age of 100.

Having started the business in 1946 and then subsequently moving it to Devon in 1954, he established extensive apprenticeship and other training programmes, including sponsored undergraduate schemes. These schemes, together with the innovative and entrepreneurial spirit of the company, have inspired many young engineers over the decades and the achievements of many of these individuals as well as the success of Centrax itself stand as testament to his foresight and leadership. He was honoured with the award of an OBE in 1989, whilst the Company, under his stewardship, won Queen's Awards in 1969, 2002 & 2010. He remained as Non-Executive Chairman and rarely missed a Board meeting even into his 100th year. He leaves Centrax in good health and infused with the same innovative spirit that brought it all into being nearly 75 years ago.

Principal activity

Centrax Holdings Limited is a holding company for a group of companies manufacturing and servicing a range of power generation products, together with a commercial property business.

The main operating sub-group is headed by Centrax Limited, which together with its subsidiaries, is engaged in the design, manufacture, installation and maintenance of gas turbine generator sets for the industrial power generation market including combined heat and power, peaking and associated gas applications.

The Group owns freehold land and buildings at its main site in Newton Abbot. Where the land and buildings are not used by the Group's operations for their own purposes they are either leased to third parties at commercial rents or retained for future development.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £5,173,598 (2019 : £6,113,871).

Income relating to the property business has been identified as non-core and included in other operating income.

During the year the Company paid dividends of £nil (2019 : £2,570,176).

A dividend of £18,995 (2019 : £50,000) was paid by a subsidiary company to minority shareholders in the year.

Directors

The Directors who served during the year and up to the date of approval of these financial statements were:

R H H Barr, OBE (resigned 22 January 2021)

C R Barr, MBE

R A Barr, MBE

A N Barr

C H Barr

I A Duffin

Charitable and political contributions

The value of charitable contributions made by the Group in the year was £11,757 (2019 : £6,937) made to a number of local charitable organisations and in support of employee charitable fundraising. The value of contributions to political organisations was £10,000 (2019 : £65,000).

CENTRAX HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Health and safety of employees

The well-being of the Group's employees is safeguarded through strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 1989 imposes certain requirements on employers and the Group has taken the necessary action to ensure compliance with the Act, including the adoption of a Safety statement.

Compliance with all statutory regulations and codes of practice is achieved by incorporating health and safety in all senior management decisions and the development of a group culture committed to health and safety. This is further amplified with regular inspections benchmarking against best practice and monthly reporting.

Environmental matters

The Group is committed to the proactive management of environmental issues associated with the Group's business and its commercial practices. This is reflected in the development, production and promotion of quality products and processes that have a beneficial impact upon the environment. The aim is to comply with the statutory and regulatory codes of practice and to co-operate fully with relevant regulatory bodies. Accreditation to ISO 14001 has been maintained.

Future developments

The future development of the Group is expected to be centred on its current core business which has opportunities for growth in the immediate future in the sale of power generation equipment and related maintenance contracts.

CENTRAX HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial instruments

The Group operates a central treasury function, its role being to:

- 1) minimise exposure to exchange rate movements by the use of forward contracts at the time of commitment;
- 2) operate a conservative investment policy for the use of surplus funds utilising highly rated financial institutions;
- 3) monitor and minimise interest rate exposure on borrowings and deposits. Interest rate differentials between foreign currency borrowings and sterling deposits can give rise to a net interest charge for the Group; and
- 4) not undertake speculative transactions.

The Group's operations expose it to certain financial risks that include the effects of credit risk, liquidity risk, interest rate risk and exchange rate risk. It monitors and takes action in each of these areas as follows:

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition, credit checks are made regularly on those customers who are deemed to be a significant credit risk to the Group. Stage payments are obtained from customers prior to release of high value generator sets;

Liquidity risk

The Group actively maintains a mixture of medium-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions;

Interest rate risk

The Group has only interest bearing financial liabilities. Its policy is to maintain the majority of its facilities at floating rates. The Directors review the appropriateness of this policy in response to actual or anticipated changes in interest rates in its principal trading currencies; and

Exchange rate risk

The Group monitors its exposure to the foreign currencies in which it regularly transacts. In order to minimise the risk of excessive fluctuations, the Group's policy is to buy or sell its net projected requirement or surplus in advance. Significant one-off transactions are protected individually within a short period of customer commitment.

Group's policy for payment of creditors

It is the Group's policy to settle all amounts due to creditors in accordance with the terms of payment agreed with the individual suppliers.

Research and development activities

There is a programme of research and development activities to focus on opportunities for new product and process development. Major projects to develop new products and processes are capitalised where there is an identified profitable future net revenue stream.

All other research and development expenditure is written off in the period in which it is incurred.

CENTRAX HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Engagement with employees

The Group has continued its practice of keeping employees informed of financial, economic and various other matters which affect the performance of the Group. This is largely achieved through meetings between Group management and employees, including an Employee Forum, supplemented by meetings and newsletters sent to employees when appropriate.

A Finance Academy has been established using internal and external speakers. The aim is to develop the skills of the finance department across a wide range of areas. Attendance at the Academy's events is available to all Group employees and has broadened financial and commercial awareness across the organisation.

Engagement with suppliers, customers and others

Through its trading relationships, the Group maintains a continuous dialogue with both its customers and suppliers, including regular meetings with both.

Suppliers

The Group's policy is to select, develop and maintain relations with suppliers on a long-term basis. This ensures that the suppliers meet the quality requirements of the Group as well as maintaining the ethical standards required by a world-wide group.

Customers

The Group seeks to maintain relationships with its customers and proactively discuss and resolve to the satisfaction of all parties any issues.

Disabled employees

The Group complies with statutory requirements and gives full consideration to applications for employment from disabled persons. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees. Where employees become disabled it is the Group's policy that flexibility in working arrangements, where practical, is used to ensure continued useful employment.

CENTRAX HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Greenhouse gas emissions, energy consumption and energy efficiency action

The Centrax Group has long been a strong advocate of the efficient use of primary fuel and, to that end, has developed a range of generation products principally aimed at the industrial Combined Heat and Power (CHP) market. These products and services allow high energy users to significantly reduce their energy cost and consumption and consequently their CO₂e emissions, estimated at 4000t CO₂e per site per year. Testing, necessary to meet Quality Assurance and Health and Safety standards of new equipment, R & D activity to improve efficiency and reduce emissions, and most significantly of overhauled equipment accounts for the majority of the Groups energy usage in the year.

During the year, the Group continued to identify and invest in energy and carbon saving opportunities, notably in the provision of the Information Technology capability that enabled the business to continue to work successfully through the Covid-19 pandemic and with considerable savings in energy usage relating to office occupation and travel. The Group have appointed ENGIE to assist the business in complying with ESOS regulations and to help identify energy efficiency measures, establish realistic targets and further reduce and promote efficient usage in the future.

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force.

The results show that the companies' total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 8,201,080 kWh and 1,578 tonnes of CO₂e respectively in the 2020 financial year in the UK.

Centrax Holdings Limited meets SECR qualification criteria in the UK. The companies have opted to use the Operational Control boundary definition to define their carbon footprint boundary. The reporting period for the compliance is 1st January 2020 – 31st December 2020. Included within that boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet, and grey fleet in the UK.

The GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of carbon emissions calculation.

	2020
	'000
Total energy use (kWh)	8,201.0
Total Gross Emissions (tCO ₂ e)	1.6
Total Net Emissions (tCO ₂ e)	1.6

The Group used no renewable electricity and exported no electricity to the grid.

The Group has chosen Turnover (£'000) as an intensity metric as this is an appropriate metric for the business. The Group will compare its performance over time with this metric.

	2020
Turnover £'000	60,181
Tonnes of Gross CO ₂ e per £'000 Turnover	0.03

Matters covered in the Group Strategic Report

There are no matters of sufficient significance that need to be covered in the Group Strategic Report.

CENTRAX HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to the auditor

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

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

Post balance sheet events

There are no post Balance Sheet events .

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with Section 485, Companies Act 2006.

This report was approved by the Board on 8 September 2021 and signed on its behalf.



I A Duffin
Company Secretary

Shaldon Road
Newton Abbot
Devon
TQ12 4SQ

CENTRAX HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 Group and parent Company financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). 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 the parent Company and of the profit or loss of the Group for that period.

In preparing each of the Group and parent Company 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;
- assess the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

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

CENTRAX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAX HOLDINGS LIMITED

We have audited the financial statements of Centrax Holdings Limited ("the Parent Company") and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Group Income Statement, Group Statement of Comprehensive Position, Group and Company Statement of Financial Position, the Group Statement of Cash Flows, Group and Company Statement of Changes in Equity and the related notes, including the accounting policies in note 2. 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of 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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

CENTRAX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAX HOLDINGS LIMITED

- We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provision for disputes.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

CENTRAX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAX HOLDINGS LIMITED

Strategic report and directors' report

The directors are responsible for the Group strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Group strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Respective responsibilities of directors and auditors

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

CENTRAX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAX HOLDINGS LIMITED

Ian Brokenshire (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountant and Statutory Auditor

Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
Devon
PL4 0HP

16 September 2021

CENTRAX HOLDINGS LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover			
Group and share of joint venture turnover		60,181,441	80,031,143
Less: share of joint venture turnover		-	(18,310)
Group turnover	4	60,181,441	80,012,833
Change in stocks of finished goods and work in progress		636,126	239,058
Own work capitalised		48,449	9,817
Other operating income	5	1,241,144	826,178
Raw materials and consumables		(29,800,010)	(45,033,042)
Other external charges		(7,786,118)	(10,040,808)
Staff costs	8	(15,929,154)	(16,473,804)
Depreciation and other amounts written off tangible and intangible fixed assets		(2,047,300)	(2,048,649)
Operating profit	6	6,544,578	7,491,583
Share of profit of joint venture		-	(111)
Total operating profit		6,544,578	7,491,472
Income from other fixed asset investments	10	-	49,783
Interest receivable and similar income	11	96,789	103,066
Amounts written off investments		-	(3,054)
Interest payable and similar expenses	12	(235,395)	(496,451)
Profit before tax		6,405,972	7,144,816
Tax on profit	13	(1,156,011)	(966,852)
Profit for the financial year		5,249,961	6,177,964
Profit for the year attributable to:			
Non-controlling interest		76,363	64,093
Owners of the parent Company		5,173,598	6,113,871
		5,249,961	6,177,964

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Profit for the financial year		5,249,961	6,177,964
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets		-	206,912
Currency translation	15	(2,598,539)	814,088
Actuarial gain/(loss) on defined benefit schemes	35	-	(122,000)
Decrease in pension surplus not recognised	35	-	317,000
Movement in fair value of currency hedging derivatives		(160,935)	84,835
Other comprehensive income for the year		(2,759,474)	1,300,835
Total comprehensive income for the year		2,490,487	7,478,799
Total comprehensive income attributable to:			
Non-controlling interest		76,363	64,093
Owners of the parent Company		2,414,124	7,414,706
		2,490,487	7,478,799

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED
REGISTERED NUMBER: 05805707

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	17	399,661	543,533
Tangible assets	18	12,470,204	13,181,931
Investment property	20	5,465,000	5,465,000
		<u>18,334,865</u>	<u>19,190,464</u>
CURRENT ASSETS			
Stocks	21	30,786,330	30,054,259
Debtors: amounts falling due within one year	22	14,144,085	21,069,209
Cash at bank and in hand	23	8,172,819	9,193,977
		<u>53,103,234</u>	<u>60,317,445</u>
Creditors: amounts falling due within one year	24	(14,240,486)	(24,073,936)
NET CURRENT ASSETS		38,862,748	36,243,509
TOTAL ASSETS LESS CURRENT LIABILITIES		57,197,613	55,433,973
Creditors: amounts falling due after more than one year	25	(7,944,887)	(8,084,278)
PROVISIONS FOR LIABILITIES			
Deferred taxation	29	(594,177)	(648,186)
Other provisions	30	(1,853,105)	(2,367,557)
		<u>(2,447,282)</u>	<u>(3,015,743)</u>
NET ASSETS		46,805,444	44,333,952

CENTRAX HOLDINGS LIMITED
REGISTERED NUMBER: 05805707

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
CAPITAL AND RESERVES			
Called up share capital	31	12,386,876	12,386,876
Revaluation reserve	32	649,303	649,303
Foreign exchange reserve	32	(76,100)	84,835
Investment property revaluation reserve	32	2,924,100	2,924,100
Other reserves	32	(46,965,568)	(46,965,568)
Profit and loss account	32	77,583,175	75,008,116
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		46,501,786	44,087,662
Non-controlling interest		303,658	246,290
		46,805,444	44,333,952

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8 September 2021.


C R Barr, MBE
 Director


R A Barr, MBE
 Director

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED
REGISTERED NUMBER: 05805707

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	19	46,965,568	46,965,568
Current assets			
Cash at bank and in hand	23	5,300	5,477
Creditors: amounts falling due within one year	24	(1)	(78)
Net current assets		5,299	5,399
Net assets		46,970,867	46,970,967
Capital and reserves			
Called up share capital	31	12,386,876	12,386,876
Profit and loss account	32	34,583,991	34,584,091
		46,970,867	46,970,967

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8 September 2021.


C R Barr, MBE
 Director


R A Barr, MBE
 Director

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Investment property revaluation reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Non- controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2020	12,386,876	649,303	2,924,100	84,835	(46,965,568)	75,008,116	246,290	44,333,952
Profit for the financial year	-	-	-	-	-	5,173,598	76,363	5,249,961
Currency translation	-	-	-	-	-	(2,598,539)	-	(2,598,539)
Movement in fair value of currency hedging derivatives	-	-	-	(160,935)	-	-	-	(160,935)
Net fair value losses on foreign exchange recognised in Consolidated Income Statement	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	(18,995)	(18,995)
At 31 December 2020	12,386,876	649,303	2,924,100	(76,100)	(46,965,568)	77,583,175	303,658	46,805,444

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Investment property revaluation reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Non- controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2019	12,386,876	459,303	2,874,887	(9,364)	(46,965,568)	70,496,998	232,197	39,475,329
Profit for the financial year	-	-	-	-	-	6,113,871	64,093	6,177,964
Currency translation	-	-	-	-	-	814,088	-	814,088
Actuarial gains on pension scheme	-	-	-	-	-	195,000	-	195,000
Surplus on revaluation of freehold property	-	206,912	-	-	-	-	-	206,912
Movement in fair value of currency hedging derivatives	-	-	-	84,835	-	-	-	84,835
Dividends	-	-	-	-	-	(2,570,176)	-	(2,570,176)
Transfer to profit and loss from account property revaluation reserve	-	(16,912)	-	-	-	16,912	-	-
Movement in fair value of foreign currency hedging	-	-	-	9,364	-	-	-	9,364
Net fair value losses on foreign exchange recognised in Consolidated Income Statement	-	-	-	-	-	(9,364)	-	(9,364)
Transfer investment property surplus to profit and loss account	-	-	49,213	-	-	(49,213)	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(50,000)	(50,000)
At 31 December 2019	12,386,876	649,303	2,924,100	84,835	(46,965,568)	75,008,116	246,290	44,333,952

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	12,386,876	34,583,193	46,970,069
Profit for the financial year	-	2,571,074	2,571,074
Dividends (note 14)	-	(2,570,176)	(2,570,176)
At 1 January 2020	12,386,876	34,584,091	46,970,967
Profit for the financial year	-	(100)	(100)
At 31 December 2020	12,386,876	34,583,991	46,970,867

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	5,249,961	6,177,964
ADJUSTMENTS FOR:		
Amortisation of intangible fixed assets	181,141	201,867
Depreciation of tangible fixed assets	1,831,478	1,844,559
Loss on disposal of tangible fixed assets	34,681	2,223
Income from fixed asset investments	-	(49,783)
Interest paid	235,395	496,451
Interest received	(96,789)	(103,066)
Taxation charge	1,156,011	966,852
(Increase) in stocks	(732,071)	(3,229,315)
Decrease/(increase) in debtors	6,483,131	(3,762,263)
Decrease in amounts owed by joint ventures	-	5,000
(Decrease) in creditors	(2,849,571)	(8,932,927)
(Decrease)/increase in provisions	(514,452)	276,974
Increase in net pension assets/liabs	-	195,000
Share of operating profit in joint ventures	-	111
Corporation tax (paid)	(800,135)	(1,893,203)
Foreign currency translation	(1,836,714)	505,564
Net fair value losses recognised in consolidated income statement	-	(9,364)
NET CASH GENERATED FROM OPERATING ACTIVITIES	8,342,066	(7,307,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(38,290)	(8,455)
Purchase of tangible fixed assets	(1,913,458)	(2,926,470)
Sale of tangible fixed assets	(1,809)	10,340
Purchase of investment properties	-	(58,773)
Interest received	96,789	103,066
HP interest paid	(7,560)	(13,237)
NET CASH FROM INVESTING ACTIVITIES	(1,864,328)	(2,893,529)

CENTRAX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
CASH FLOWS FROM FINANCING ACTIVITIES		
New secured loans	-	777,815
Repayment of loans	(777,815)	-
Other new loans	-	7,108,087
Repayment of other loans	(6,335,536)	-
Repayment of/new finance leases	(138,715)	(133,038)
Dividends paid	-	(2,570,176)
Interest paid	(227,835)	(483,214)
Dividends paid to non controlling interests	(18,995)	(50,000)
NET CASH USED IN FINANCING ACTIVITIES	(7,498,896)	4,649,474
(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,021,158)	(5,551,411)
Cash and cash equivalents at beginning of year	9,193,977	14,745,388
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	8,172,819	9,193,977
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	8,172,819	9,193,977
	8,172,819	9,193,977

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	9,193,977	(1,021,158)	8,172,819
Debt due after 1 year	(7,812,500)	-	(7,812,500)
Debt due within 1 year	(7,885,902)	7,113,351	(772,551)
Finance leases and hire purchase	(418,052)	138,715	(279,337)
Financial instruments	250,233	(228,155)	22,078
	<u>(6,672,244)</u>	<u>6,002,753</u>	<u>(669,491)</u>

The notes on pages 27 to 66 form part of these financial statements.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private limited company, limited by shares, registered in England and Wales with its registered office at Shaldon Road, Newton Abbot, Devon TQ12 4SQ.

The principal activity of the Company is to act as a holding company for a group of companies manufacturing and servicing a range of power generation products, together with a commercial property business.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements have been prepared on the going concern basis on the assumption that the Group will continue to operate for the foreseeable future.

Following the COVID-19 outbreak there has been a major dislocation to the world economy. The Directors have considered this in their assessment of the ability of the Group continuing to trade. As a result of this assessment (see the Business Review in the Strategic Report) the Directors see no reason for the accounts not to be prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

The following UK subsidiaries have taken the exemption from the requirements relating to the audit of individual subsidiary accounts by virtue of Section 479A and Section 479C of the Companies Act 2006:-

Centrax Industries Limited and Component Process and Repair Limited

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

At the balance sheet date, the Group had net assets of £46.8m, net current assets of £38.9m and cash balances of £8.2m. At 30 June 2021 the cash balance was £9.7m.

Despite the outbreak of COVID-19 the Group has continued to operate in all but a limited number of locations and the Group's revenues and cashflows have not been materially impacted.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. These projections reflect their latest view of the Group's markets and which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have also forecast a severe but plausible downside scenario. The Directors believe that in this scenario the Group will be able to meet its liabilities as they fall due.

Although all businesses are facing unprecedented levels of uncertainty, based on the above the Directors are satisfied that there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

Revenue relating to long-term contracts in the year represents the value of work completed, measured as the proportion of total costs incurred on the contract as a proportion of the total forecast contract costs. An appropriate portion of the anticipated contract profit is recognised in the Consolidated Income Statement where the contract is sufficiently advanced to identify the contract profitability. Any losses on contracts are taken directly to the Consolidated Income Statement as soon as they are foreseen. The amount by which recorded turnover exceeds payments received on account is classified separately as contract debtors.

Amounts receivable for providing equipment under operating leases are recognised based on customer usage with costs being recognised as they are incurred. All revenues and costs are taken directly to the Consolidated Income Statement.

The Group operates a number of long-term maintenance contracts with its customers, ranging in duration for up to 15 years. Turnover is taken to the financial statements based on customer usage, with costs taken as incurred. The contracts involve servicing to be carried out throughout the life of the products. The periodic nature of the service means that costs on individual contracts can vary disproportionately to turnover. However, on a portfolio basis turnover and costs are likely to correlate reasonably closely. Where major overhauls or repairs have been identified and a present contractual obligation exists at year end, provision is made for these costs.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Intangible fixed assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Patents	:	20 % straight-line
Licences	:	20 % straight-line
Goodwill	:	10 % straight-line
Software	:	25 % straight-line

2.6 Tangible fixed assets

Tangible fixed assets are initially recognised at cost.

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

The Group adds to the carrying amount of an item of tangible fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is de-recognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight-line or expected useful life
Short-term leasehold property	- over the life of the lease
Plant and machinery	- 5% - 25% straight-line

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

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

Assets in the course of construction are not depreciated.

2.7 Revaluation of tangible fixed assets

Individual freehold properties are carried at the value of the most recent revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using the fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Consolidated Income Statement.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

2.9 Operating leases: the Group as lessor

Rental income from operating leases are credited to the Consolidated Income Statement on a straight-line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future net benefits and are amortised on a straight-line basis over the anticipated life of the benefits arising from the completed product or project. All other development costs are written off to the Consolidated Income Statement when incurred.

Capitalised research and development costs are reviewed annually and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Consolidated Income Statement.

2.12 Investment property

Investment property is carried at fair value determined periodically by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Income Statement.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Stocks

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

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

The Group values salvaged stock items at 0% to 30% of the equivalent new stock cost.

Long-term contracts - balances included in stocks are stated at cost after provision has been made for any foreseeable losses and the deduction of applicable payments on account. The Directors review contracts in progress to determine whether any should be treated as long-term contracts within the meaning of FRS 102 Section 23. In applying the standard, the Directors consider that an uncompleted contract falls to be classified as long-term in the context of the Group's business only if:

- a) it is a major contract for one or more generator sets extending over a period of more than one year; or
- b) it is a significant contract and by applying the measurement criteria laid down by the standard, profits (net of all foreseeable losses) calculated to have been earned on that and on all other significant uncompleted contracts, in aggregate would have a material effect on the Group's profit before tax for the accounting period.

Notwithstanding the above, an anticipated net loss on any individual uncompleted contract is provided for.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including debtors, creditors and loans from banks and other third parties, loans to related parties and investments in non-putable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.17 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of a short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is an 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.

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Hedge accounting

The Group has other financial instruments in the form of contracts to sell foreign currency at a future date. These contracts are accounted for using the hedge accounting rules under FRS 102, Section 12. The mark to market value of the contracts outstanding at the date of the financial statements is shown under financial instruments in either debtors (profit) or creditors (loss) due within one year.

2.20 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.21 Foreign currency translation

The Company and the Group's functional and presentational currency is the pound sterling.

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'other external charges'. All other foreign exchange gains and losses are presented in the Consolidated Income Statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.22 Finance costs

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

2.23 Dividends

Dividends are recognised when they become legally payable.

2.24 Leased assets: the Group as lessor

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: the profit or loss resulting from outright sale of the asset being leased at normal selling prices reflecting any applicable discounts and finance income over the lease term.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.25 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Income Statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.26 Pensions

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

The contributions are recognised as an expense in the Consolidated Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

The Group also operated a defined benefits pension plan. A defined benefits plan is a pension scheme under which the Group pays fixed contributions into a separate entity, and the benefit payable to the employee is guaranteed. There is a legal obligation for the Group to cover any deficit which may arise in the pension scheme.

The contributions paid are taken directly to the pension scheme asset or liability. The assets of the plan are held separately from the Group in independently administered funds.

The actuarial gain/loss is recognised in the statement of other comprehensive income. This is based on an Employee Benefits report for the year ended 31 December 2020 prepared by the scheme's actuary in accordance with FRS 102.

2.27 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Consolidated Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Consolidated Statement of Financial Position date.

2.28 Interest income

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

2.29 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.30 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation and it is probable that it will require settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation.

Provisions for liabilities are charged as an expense to the Consolidated Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Consolidated Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision for liabilities carried in the Consolidated Statement of Financial Position.

2.31 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Consolidated Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.32 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Group has applied judgements in applying accounting policies and key sources of estimation uncertainty in the following areas:-

Going concern

The Directors have reviewed the position of the Group and its ability to meet liabilities as they fall due and have concluded that the use of the going concern basis remains valid (Note 2.3).

Revenue recognition

Where the Group has a long-term contract, judgement is applied to the amount of revenue recognised in the Consolidated Income Statement. Revenue is only recognised to the extent that the work required under a contract has been completed and provision is made for any rebates due to the customer as soon as they are identified.

Valuation of development property

The properties are carried at the same value as that established by a professional valuer at 31 December 2019. The Directors considered that the valuation at 31 December 2020 of these properties would not have differed sufficiently to justify a further valuation.

Recoverability of assets

The Group assumes that all amounts owing from customers will be recovered in full. Where uncertainty exists as to the recovery a provision has been made for the anticipated unrecoverable amount.

Usability of stocks and work in progress

Where there is uncertainty over the usability of stocks or the saleability of work in progress a provision is made to cover the estimated unrecoverable amount.

Valuation of recovered parts

Where parts are recovered from repairs and overhauls management judgement is used as to the subsequent usability of the part and its value net of any estimated refurbishment costs.

Provisions for major repairs

Where the Group has a liability for a major repair at the year end management judgement is applied in estimating the amount of the provision required to cover the cost of the repair. Any surplus or shortfall of the provision is taken to the Consolidated Income Statement when that cost is incurred.

Recoverability of investments

The Group considers that the value of investments in subsidiary companies is at least equal to the carrying value in the financial statements. Where the carrying value exceeds the value of an investment in a subsidiary an appropriate impairment provision is recognised.

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	8,616,983	7,199,199
Rest of Europe	31,968,496	42,276,470
North America	6,435,827	2,990,379
Rest of World	13,160,135	27,546,785
	<u>60,181,441</u>	<u>80,012,833</u>

5. Other operating income

	2020 £	2019 £
Other operating income	50,442	57,360
Net rents receivable	390,991	390,990
Service charge receivable	312,988	327,072
Government grants receivable	486,838	-
Sundry income	(115)	50,756
	<u>1,241,144</u>	<u>826,178</u>

6. Operating profit

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

	2020 £	2019 £
Research and development charged as an expense	777,147	1,090,335
Exchange (gain)/loss	(4,160)	248,301
Other operating lease rentals	717,630	737,120

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Auditor's remuneration

	2020	<i>2019</i>
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	129,103	<i>105,052</i>

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2020	<i>Group 2019</i>	Company 2020	<i>Company 2019</i>
	£	£	£	£
Wages and salaries	13,355,716	<i>13,748,207</i>	-	-
Social security costs	1,978,656	<i>1,946,536</i>	-	-
Cost of defined benefit scheme	-	<i>195,000</i>	-	-
Cost of defined contribution schemes	594,782	<i>584,061</i>	-	-
	15,929,154	<i>16,473,804</i>	-	-

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2020	<i>Group 2019</i>	Company 2020	<i>Company 2019</i>
	No.	No.	No.	No.
Production	167	<i>167</i>	-	-
Other	127	<i>131</i>	-	-
Directors	6	<i>6</i>	6	<i>6</i>
	300	<i>304</i>	6	<i>6</i>

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	1,441,733	1,511,147
Amounts paid to third parties in respect of Directors' services	142,379	99,020
	<u>1,584,112</u>	<u>1,610,167</u>

The highest paid Director received remuneration of £397,677 (2019 : £422,278).

The value of the Groups contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 :£NIL).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £NIL (2019 :£NIL).

10. Income from investments

	2020 £	2019 £
Net revaluation surplus on investment properties	-	49,783
	<u>-</u>	<u>49,783</u>

11. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	96,789	103,066
	<u>96,789</u>	<u>103,066</u>

12. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	173,369	304,304
Finance leases and hire purchase contracts	7,560	13,237
Other interest payable	54,466	178,910
	<u>235,395</u>	<u>496,451</u>

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	676,939	972,375
Adjustments in respect of previous periods	56,702	(160,274)
Joint venture taxation	-	1,560
	<u>733,641</u>	<u>813,661</u>
Double taxation relief	<u>(18,897)</u>	<u>(68,878)</u>
	<u>714,744</u>	<u>744,783</u>
Foreign tax		
Foreign tax on income for the year	518,859	346,306
Foreign tax in respect of prior periods	(23,614)	17,257
	<u>495,245</u>	<u>363,563</u>
Total current tax	<u>1,209,989</u>	<u>1,108,346</u>
Deferred tax		
Origination and reversal of timing differences	(35,053)	(154,836)
Changes to opening rate of corporation tax	65,960	-
Surplus on revaluation	-	43,437
Adjustment in respect of prior periods	(84,885)	(30,095)
Total deferred tax	<u>(53,978)</u>	<u>(141,494)</u>
Taxation on profit on ordinary activities	<u>1,156,011</u>	<u>966,852</u>

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 : *lower than*) the standard rate of corporation tax in the UK of 19% (2019 : 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>6,405,972</u>	<u>7,144,816</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 : 19%)	1,217,135	1,357,515
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	36,972	(87,485)
Capital allowances for year in excess of depreciation	26,681	(9,474)
Higher rate taxes on overseas earnings	44,397	90,753
Adjustments to tax charge in respect of prior periods	(51,797)	(173,112)
Payment to pension fund charged to Consolidated Statement of Other Comprehensive Income	-	37,050
Adjustment in research and development tax credit leading to a decrease in the tax charge	(186,463)	(272,300)
Changes in revaluation reserve leading to a (decrease)/increase in the tax charge	(2,626)	31,042
Unrelieved tax losses on overseas operations	5,905	3,129
Effect of change in UK corporation tax rate on deferred tax	65,960	6,492
Other differences leading to a decrease in the tax charge	(2)	(16,828)
Effect of exchange rates	(151)	70
Total tax charge for the year	<u>1,156,011</u>	<u>966,852</u>

Factors that may affect future tax charges

The rate of UK corporation tax is due to increase to 25% with effect from 1 April 2023. This legislation was announced and enacted after the preparation of the tax provisions so all deferred tax charges for 2020 have been provided at 19% (2019 : 17%).

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Dividends

	2020 £	2019 £
1st dividend paid of £Nil per C share (2019 : £1.2175 per C share)	-	258,344
2nd dividend paid of £Nil per C share (2019 : £0.755 per C share)	-	160,205
3rd dividend paid of £Nil per C share (2019 : £10.14 per C share)	-	2,151,627
	<u>-</u>	<u>2,570,176</u>

15. Currency translation differences

During the year the Group experienced unrealised losses (2019 : profits) on translation of its overseas investments due to movements in exchange rates, principally the increase in value of the Russian Rouble. These losses amounted to £2,598,539 (2019 : £814,088 profit) of which £2,794,626 (2019 : £969,114 profit) related to investments in Russia.

16. Parent Company profit for the year

The Company has taken advantage of the exemption allowed under Section 408, Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the year was £100 (2019 : profit £2,571,074).

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Intangible assets

Group

	Licences £	Computer software £	Goodwill £	Total £
Cost				
At 1 January 2020	449,185	1,082,237	120,225	1,651,647
Additions	-	38,290	-	38,290
At 31 December 2020	<u>449,185</u>	<u>1,120,527</u>	<u>120,225</u>	<u>1,689,937</u>
Amortisation				
At 1 January 2020	149,728	929,333	29,053	1,108,114
Charge for the year on owned assets	89,837	80,303	12,022	182,162
At 31 December 2020	<u>239,565</u>	<u>1,009,636</u>	<u>41,075</u>	<u>1,290,276</u>
Net book value				
At 31 December 2020	<u>209,620</u>	<u>110,891</u>	<u>79,150</u>	<u>399,661</u>
At 31 December 2019	<u>299,457</u>	<u>152,904</u>	<u>91,172</u>	<u>543,533</u>

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Assets under construction £	Total £
Cost or valuation					
At 1 January 2020	2,173,539	103,002	28,926,815	-	31,203,356
Additions	119,323	3,108	1,574,170	216,857	1,913,458
Disposals	-	(31,777)	(204,311)	-	(236,088)
Exchange adjustments	-	(10,227)	(1,182,916)	-	(1,193,143)
At 31 December 2020	<u>2,292,862</u>	<u>64,106</u>	<u>29,113,758</u>	<u>216,857</u>	<u>31,687,583</u>
Depreciation					
At 1 January 2020	198,539	16,967	17,805,919	-	18,021,425
Charge for the year on owned assets	88,224	6,602	1,662,335	-	1,757,161
Charge for the year on financed assets	-	-	73,296	-	73,296
Disposals	-	(13,240)	(189,976)	-	(203,216)
Exchange adjustments	-	(694)	(430,593)	-	(431,287)
At 31 December 2020	<u>286,763</u>	<u>9,635</u>	<u>18,920,981</u>	<u>-</u>	<u>19,217,379</u>
Net book value					
At 31 December 2020	<u>2,006,099</u>	<u>54,471</u>	<u>10,192,777</u>	<u>216,857</u>	<u>12,470,204</u>
At 31 December 2019	<u>1,975,000</u>	<u>86,035</u>	<u>11,120,896</u>	<u>-</u>	<u>13,181,931</u>

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	414,594	693,677
	<u>414,594</u>	<u>693,677</u>

Cost or valuation at 31 December 2020 is as follows:

	Land and buildings £
At cost	3,385,211
At valuation:	
Impairment of the freehold land and buildings following valuation by Jones Lang Lasalle Limited on 31 December 2019 on an existing use basis.	(1,028,243)
	<u>2,356,968</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £	2019 £
Group		
Cost	3,385,211	3,385,211
Accumulated depreciation	(1,879,179)	(1,778,436)
Net book value	<u>1,506,032</u>	<u>1,606,775</u>

The balance in the revaluation reserve of £649,303 represents the increase in valuation of freehold land over cost.

The cost of freehold buildings is in excess of valuation and the deficit has been written off to the profit and loss account. Any surplus on subsequent revaluations is therefore also transferred to the profit and loss account.

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Fixed asset investments

Group

	Investment in joint ventures £
Disposals	(500)
Amounts written off	500
At 31 December 2020	<u>-</u>

The investment in joint venture is a 50% shareholding in Technicam Limited. This company has ceased trading and is in liquidation.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	46,965,568
At 31 December 2020	<u>46,965,568</u>

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Centrax Industries Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Fixed asset investments (continued)**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Centrax Engineering Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Reblim Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Turbothermic Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Engineering Services Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Production Services Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Power Projects Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Power Projects (Holdings) Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Power Projects (Bulgaria) Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Power Projects (France) Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Power Projects (Russia) Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Centrax Gas Turbines Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	100%
Component Process and Repair Holdings Limited	Shaldon Road, Newton Abbot, Devon, UK	Ordinary	80%
Component Process and Repair Limited	Unit 1, Dickinson Place, South Bersted Business Park, Bognor Regis, West Sussex, UK	Ordinary	80%
Centrax International Limited	Ashford House, Grenadier Road, Exeter, Devon UK	Ordinary	100%
Centrax Gas Turbines S.R.O.	Revolucini 724/7, Stare Mesto, 110 00 Praha 1, Czech Republic	Ordinary	100%
Centrax Deutschland GmbH	Friedrich List Str 29, 35398 Giessen, Germany	Ordinary	100%
Centrax Mantenimiento De Turbinas Espana S.L.	Poligono Los Cipreses 74, 12006, Castellon, Spain	Ordinary	100%
Centrax France SAS	Za Des Sablons, Rue du Montbary, 45140, Ormes, France	Ordinary	100%

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Fixed asset investments (continued)**Indirect subsidiary undertakings (continued)**

Name	Registered office	Class of shares	Holding
Centrax Gas Turbines Ireland Limited	Charter House, 5 Pembroke Row, Dublin 2, Ireland	Ordinary	100%
Centrax Italia srl	Via Vandelli 2H, 41050 Castelnuovo Ragnone - fazione di Montale Ragnone, Italy	Ordinary	100%
Centrax Nederland B.V.	Energieweg 43B, 2382 NC Zoeterwoude, Netherlands	Ordinary	100%
Centrax Polska Sp.zo.o	Ul Hrubieszowska, 010- 209, Warszawa, Poland	Ordinary	100%
Centraxport - manutencao do turbinas de gas unipessoal Lda	Arquiparque 11 - edeficio A, Avienda Caseres Montiero, no 10, 5 esquerdo, 1495-192 Alges, Portugal	Ordinary	100%
Turbine Holdings Netherlands B.V.	Energieweg 43B, 2382 NC Zoeterwoude, Netherlands	Ordinary	100%
Centrax Gas Turbines Rus LLC	Lit J Building 3.7, 24 Line, 199106, St Petersburg, Russia	Ordinary	100%
Centrax Turbines a Gaz Tunisie	Immeuble Carthage, Rue du Lac Constance, Block A-2eme Etage, Les Berges du Lac 1053, Tunis, Tunisia	Ordinary	100%
Turbine Holdings Netherlands 2 B.V.	Energieweg 43B, 2382 NC Zoeterwoude, Netherlands	Ordinary	100%
Centrax Gas Turbines India Private Limited in liquidation	Block F, Ground Floor, The Mira Corporation Suites, Ols Ishwar Nagar, Mathura Road, New Delhi, India	Ordinary	100%

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. Investment property

Group

Freehold
investment
property
£

Valuation

At 1 January 2020

5,465,000

At 31 December 2020

5,465,000

The 2020 valuations were made by the Directors, on an open market value for existing use basis.

2020
£

Revaluation reserves

At 1 January 2020

2,924,100

At 31 December 2020

2,924,100

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

2020
£

Historic cost

6,291,548

Accumulated depreciation and impairment

(2,285,926)

4,005,622

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Stocks

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Raw materials and consumables	17,930,122	17,162,824	-	-
Work in progress	2,064,941	1,930,184	-	-
Finished goods and goods for resale	10,791,267	9,717,459	-	-
Long-term contract balances	-	1,243,792	-	-
	30,786,330	30,054,259	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The carrying value of stocks are stated net of impairment losses totalling £1,958,029 (2019 : £1,972,816). Impairment profits totalling £14,787 (2019 : £419,632) were recognised in profit and loss.

Long-term contract balances consist of:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Costs to date less provision for losses	-	1,844,692	-	-
Applicable payments on account	-	(600,900)	-	-
	-	1,243,792	-	-

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	10,359,504	14,908,018	-	-
Other debtors	2,285,431	3,182,641	-	-
Prepayments and accrued income	1,477,072	1,833,752	-	-
Amounts recoverable on long-term contracts	-	894,565	-	-
Financial instruments	22,078	250,233	-	-
	14,144,085	21,069,209	-	-

23. Cash at bank and in hand

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	8,172,819	9,193,977	5,300	5,477
	8,172,819	9,193,977	5,300	5,477

24. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	-	777,815	-	-
Other loans	772,551	7,108,087	-	-
Trade creditors	3,562,572	3,834,374	-	-
Corporation tax	833,420	637,404	1	78
Other taxation and social security	1,140,898	854,327	-	-
Obligations under finance lease and hire purchase contracts	146,950	146,274	-	-
Other creditors	1,144,609	1,763,915	-	-
Accruals and deferred income	6,541,308	8,786,342	-	-
Financial instruments	98,178	165,398	-	-
	14,240,486	24,073,936	1	78

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25. Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Bank loans	7,812,500	7,812,500
Net obligations under finance leases and hire purchase contracts	132,387	271,778
	<u>7,944,887</u>	<u>8,084,278</u>

The following liabilities were secured:

	Group 2020 £	Group 2019 £
Bank loans	7,812,500	7,812,500
Hire purchase	278,996	418,052
Other loans	772,551	7,108,087
	<u>8,864,047</u>	<u>15,338,639</u>

Details of security provided:

Hire purchase and other loan balances are secured against the assets for which financing was provided as identified in the individual agreements.

Bank loans and all other bank borrowings with the Group's principal bankers are secured under a cross-guarantee and debenture over the assets of the Group.

Bank overdrafts are repayable on demand. Interest is payable on overdrafts at the bank base rate plus 1%.

Interest on the short-term bank loan is charged at 2.5% above Mosprime.

The long-term bank loans comprise a 3 year revolving credit facility for which there are no repayment requirements. The facility is due for renewal in 2022. Interest is payable at 3 months LIBOR plus 1%.

Finance leases and hire purchase balances are subject to repayment by regular monthly instalments over the duration of the agreements. Interest is payable on the outstanding balance at a rate of bank base rate plus between 1.0% and 3.0%.

Other loans are supplier finance arrangements repayable after 5-10 months. Interest is payable at a rate of between 3.8% and 4.2%.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

26. Loans

	Group 2020 £	<i>Group 2019 £</i>
Amounts falling due within one year		
Bank loans	-	777,815
Other loans	772,551	7,108,087
	772,551	7,885,902
Amounts falling due 2-5 years		
Bank loans	7,812,500	7,812,500

27. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	<i>Group 2019 £</i>
Within 1 year	146,950	146,274
Between 2-5 years	132,387	271,778
	279,337	418,052

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Financial instruments

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Financial assets				
Financial assets measured at fair value through Consolidated Income Statement	8,194,897	9,444,210	5,300	5,477
Financial assets that are debt instruments measured at amortised cost	11,249,851	15,124,731	-	-
	19,444,748	24,568,941	5,300	5,477
Financial liabilities				
Derivative financial instruments measured at fair value through Consolidated Income Statement held as part of a trading portfolio	(98,178)	(165,398)	-	-
Financial liabilities measured at amortised cost	(16,165,280)	(16,371,211)	-	-
	(16,263,458)	(16,536,609)	-	-

Financial assets measured at fair value through the Consolidated Income Statement comprise cash at bank and in hand and gains arising on foreign exchange contracts undertaken by the Group.

Financial assets that are debt instruments measured at amortised cost comprise amounts due from customers and other debtors including amounts due from other Group companies.

Derivative financial instruments measured at fair value through Consolidated Income Statement held as part of a trading portfolio comprise unrealised fair value losses on foreign exchange contracts undertaken by the Group.

Financial liabilities measured at amortised cost comprise amounts due to third parties or costs accrued including amounts owed to other Group companies together with amounts due to the Group's bankers.

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

29. Deferred taxation

Group

	2020 £
At 1 January 2020	(648,186)
Charged to the Consolidated Income Statement	54,009
At 31 December 2020	(594,177)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £
Accelerated capital allowances	(782,363)	(616,666)
Short-term timing differences	867,133	578,586
Revaluation reserves	(678,947)	(610,106)
	(594,177)	(648,186)

Short-term timing differences will reverse in 2021. It is anticipated that further provisions will be made in 2021 of a similar value.

Provisions for deferred taxation on accelerated capital allowances and revaluation reserves are not expected to change materially during 2021.

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

30. Other provisions

Group

	Warranty & maintenance £	Contract provision £	Total £
At 1 January 2020	2,217,485	150,072	2,367,557
Charged to profit or loss	(1,431,740)	-	(1,431,740)
Utilised in year	992,288	(75,000)	917,288
At 31 December 2020	1,778,033	75,072	1,853,105

The warranty and maintenance provision represents a liability to perform major repairs under the Group's long-term maintenance contracts and under the terms of supply for new equipment delivered during the year. The repairs provided under maintenance contracts are identified and quantifiable and would be realised within a short period after the year end, whereas the provision against the supply of new equipment is based on future events which are uncertain and will, to the extent not utilised, reverse during the 12 to 24 months following handover to the customer.

The contract provisions are against commercial contracts where a loss has been identified.

31. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
656,640 (2019 : 656,640) A ordinary shares of £1.00 each	656,640	656,640
11,518,044 (2019 : 11,518,044) B ordinary shares of £1.00 each	11,518,044	11,518,044
212,192 (2019 : 212,192) C ordinary shares of £1.00 each	212,192	212,192
	12,386,876	12,386,876

The A ordinary shares carry full voting rights. The B and C ordinary shares are non-voting. All shares rank equally on winding up.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

32. Reserves

Revaluation reserve

Revaluation reserve is the unrealised surplus in the valuation of the Group's freehold land and buildings over their depreciated cost, adjusted for the depreciation of the revalued amount.

Foreign exchange reserve

Foreign exchange reserve represents the value of surplus or deficit on foreign exchange contracts undertaken by the Group.

Investment property revaluation reserve

Investment property revaluation reserve represents the surplus, or deficit, on the valuation of properties held as investments compared to the original cost of acquisition.

Other reserves

Represents a merger reserve arising on a Group reconstruction in 2013.

Profit and loss account

Profit and loss account is the cumulative surplus (or deficit) from the operations of the Company and the Group, after taxation, available for distribution to the shareholders.

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

33. Contingent liabilities

The Group operates a customs warehouse procedure (authorised by HMRC) to defer the duty and VAT cost of imported parts. There is a contingent liability to pay the duty and VAT on any parts brought into free circulation in the EU. The amount of duty and VAT deferred under the scheme at 31 December 2020 is £1,894,864 (2019 : £1,841,781).

Companies within the Group have provided commitments to customers to repurchase equipment at guaranteed values under certain circumstances. The value of these commitments as at 31 December 2020 is £1,895,000 (2019: £4,228,000)

34. Capital commitments

At 31 December 2020 the Group had capital commitments as follows:

	Group 2020 £	<i>Group 2019 £</i>
Contracted for but not provided in these financial statements	36,765	<i>153,441</i>
	36,765	<i>153,441</i>

The Company had no capital commitments at 31 December 2020 (2019 : £nil).

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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35. Pension commitments

Defined Contribution

The Company operates defined contribution pension schemes. Pension contributions in respect of these schemes amounted to £420,297 (2019 : £402,141). Contributions totalling £7,467 (2019 : £6,769) were payable to the plans at the date of the Statement of Financial Position and are included in creditors.

The Group operates a Defined benefit pension scheme.

The Trustees of the scheme entered into a Bulk Purchase Annuity Agreement on 5 December 2017 with Legal & General Assurance Society Limited ("Legal & General") in order to secure the benefits payable to the members in the future. An initial premium of £2,620,000 was paid on 6 December 2017. Following completion of the appropriate due diligence during the year Legal & General calculated the final costing for a full buy-out to be an additional premium of £7,500 which was paid in November 2019. The full cost of the buy-out being £2,627,500. The buy-out was completed on 21 April 2020.

During the year Centrax Limited made a contribution to the scheme of £nil (2019 : £nil).

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,975,000	2,072,000
Interest cost	10,000	47,000
Actuarial gains/losses	-	62,000
Benefits paid	(65,000)	(206,000)
Gain/loss on settlement or curtailment	(1,920,000)	-
At the end of the year	-	1,975,000

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

35. Pension commitments (continued)

Composition of plan liabilities:

Total plan liabilities

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	2,233,000	2,633,000
Interest income	12,000	61,000
Interest cost	-	(195,000)
Actuarial gains/losses	-	(60,000)
Benefits paid	(65,000)	(206,000)
Gain/loss on settlement or curtailment	(2,180,000)	-
Derecognition of surplus	-	-
At the end of the year	-	2,233,000

Composition of plan assets:

Total plan assets

	2020 £	2019 £
Fair value of plan assets	-	2,233,000
Present value of plan liabilities	-	(1,975,000)
Derecognition of Surplus	-	(258,000)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest on obligation	2,000	-
Derecognition of Surplus	258,000	-
Gains on curtailments and settlements	(260,000)	-
Total	-	-

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

35. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £Nil (2019 : £Nil).

The Group expects to contribute £Nil to its Defined benefit pension scheme in 2021.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	- %	1.70 %
Inflation - RPI	- %	3.20 %
Inflation - CPI	- %	2.20 %
Pension increases in deferrment (non GMP)	- %	2.20 %
Pension increases in payment (non GMP)	- %	3.00 %
Pension increases in payment (Post 88 GMP)	- %	2.00 %
Mortality rates		

Base Mortality rates table : S2PMA_H/S2PFA_H (2019 : S2PMA_H/S2PFA_H).

Mortality projection basis: CMI 2018 (core) projection model with a long-term rate of improvement of 1.5% per annum (2019: CMI 2018 (core) projection model with a long-term rate of improvement of 1.5% per annum).

CENTRAX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

35. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	-	(1,975,000)	(2,072,000)	(2,262,000)	(2,446,000)
Scheme assets	-	2,233,000	2,633,000	2,898,000	3,025,000
Irrecoverable surplus	-	(258,000)	(561,000)	(636,000)	(579,000)
Surplus	-	-	-	-	-
Experience adjustments on scheme liabilities	1,920,000	(62,000)	27,000	23,000	(80,000)
Experience adjustments on scheme assets	(2,180,000)	(60,000)	(59,000)	20,000	164,000
	(260,000)	(122,000)	(32,000)	43,000	84,000

36. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	304,609	467,845
Later than 1 year and not later than 5 years	539,647	735,040
	844,256	1,202,885

The Company had no commitments under non-cancellable operating leases as at the reporting date (2019 : £nil)

CENTRAX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

37. Other financial commitments

Cross-guarantee and debenture

The Lloyds bank borrowing of the ultimate undertaking, Centrax Holdings Limited and its subsidiaries, is covered by cross-guarantee and debenture. The Group was exposed to a liability under this arrangement at 31 December 2020 of £4,417,729 (2019 : £1,344,928).

Bank guarantees and indemnities

The net value of guarantees and indemnities which had been given by the bank with recourse to the Group in respect of certain customers and suppliers at 31 December 2020 was £8,074,273 (2019 : £9,109,527) for the Group and £nil (2019 : £nil) for the Company.

38. Related party transactions

The Company has taken advantage of the exemption permitted under FRS102.33.1A not to disclose transactions with other Group companies on the grounds that the Company and all other related parties are wholly owned subsidiaries of Centrax Holdings Limited.

During the year, A N Barr Industries Limited, a company controlled by Mr A N Barr, a Director of the Company, charged Centrax Industries Limited £142,379 (2019 : £94,020) for the services of Mr A N Barr. At the year end A N Barr Industries Limited was owed £47,793 (2019 : £7,835 owed to) by the Company.

During the year TMF Rus LLC, a company connected to Jussi Samuli, Dmitriy Shibaev, Dmitriy Shevetsov and Yulia Gudoshnikova, Directors of Centrax Gas Turbines Rus LLC during the year, charged Centrax Gas Turbines Rus LLC £6,993 (2019: £5,959) for management services, £4,240 (2019: £4,368) for company secretarial services, £2,798 (2019: £2,444) for additional corporate and administrative services and £nil (2019: £nil) for legal services. At the year end Centrax Gas Turbines Rus LLC owed £nil (2019: £nil) to TMF Rus LLC.

The total compensation of key management personnel (including the Directors) in the year amounted to £2,825,683 (2019 : £2,870,051).

39. Controlling party

The Company is under the control of the Directors. The Directors do not consider there to be an individual controlling party.