

GREY TECHNOLOGY LIMITED
Strategic Report, Report of the Director and
Financial Statements
for the Year Ended 30 November 2019

**Contents of the Financial Statements
for the year ended 30 November 2019**

	Page
Company Information	1
Strategic Report	2
Report of the Director	3 to 4
Report of the Independent Auditors	5 to 7
Income Statement	8
Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 23

GREY TECHNOLOGY LIMITED

**Company Information
for the year ended 30 November 2019**

DIRECTOR: N G Grey

SECRETARY: Mrs L M Grey

REGISTERED OFFICE: Suite 1A
Shire Business Park
Wainwright Road
Worcester
Worcestershire
WR4 9FA

REGISTERED NUMBER: 04320113 (England and Wales)

AUDITORS: Haines Watts Birmingham LLP
5 - 6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

**Strategic Report
for the year ended 30 November 2019**

The director presents his strategic report for the year ended 30 November 2019.

REVIEW OF BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

KEY PERFORMANCE INDICATORS

The director regularly monitors the financial performance, cash reserve and customer satisfaction of the business and tracks performance against budget and prior year results.

DEVELOPMENT AND PERFORMANCE

After 5 years of rapid growth, the company over-marketed and increased expenditure in 2018 making the business unprofitable. A company restructure was subsequently carried out, starting in September of 2018. This included the removal of management roles with a focus on operational performance, reduction of overheads and other costs and the creation of a central company data / business information system to ensure the prudent using of marketing investment. The company's approach to quality control was also improved.

The first half of 2019 continued to be challenging but by July the company performance was restored and has been extremely healthy since.

The company has maintained a strong balance sheet and accumulated an excellent cash reserve for its operations. The outlook for 2019 was to maintain turnover at around £80m with net profit returning to above 10% by the final quarter. This was achieved and while the net profit for the year could be considered disappointing at 3% the long-term goals were achieved and these have delivered a best-ever trading result in 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst the retail business environment continues to be challenging, the company's move to direct-to-consumer sales (which we began in 2013) has proved effective. Following our restructure, overheads are well within an affordable range and allow us to trade profitably at a much lower level should that be required due to an economic downturn or other derogatory influence.

A close eye is kept on the in-field performance and quality of our products.

Impact of COVID-19

Whilst many other companies stopped trading and furloughed staff at the beginning of the Covid-19 pandemic, Gtech decided to trade as normal with their staff working from home where possible. At the time of writing the company is in the final month of its trading year and has enjoyed a very successful year. The company is expanding its product range and looking to roll out its business model to adjacent territories in 2021.

ON BEHALF OF THE BOARD:

N G Grey - Director

24 November 2020

**Report of the Director
for the year ended 30 November 2019**

The director presents his report with the financial statements of the company for the year ended 30 November 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design, development and supply of domestic electrical products

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTOR

N G Grey held office during the whole of the period from 1 December 2018 to the date of this report.

FINANCIAL INSTRUMENTS - FINANCIAL RISK MANAGEMENT

Cash flow

The company continues to be self-funded. The trading model and contract negotiations are expected to facilitate growth without the need for external financing. Cash flow is closely monitored and sufficient funds are available for all current and forecast activities.

Credit management

The company undertakes extensive credit checks prior to offering a credit account and has become more selective with retail partners. Stringent debt chasing policies ensure debtors are managed efficiently and the marketing strategy reduces Gtech's reliance on the retail environment.

Price risk / foreign exchange risk

The company is exposed to price risk and foreign exchange risk on its raw material and product supplies, which are principally denominated in US dollars.

GOING CONCERN

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

Certain disclosures required by the Companies Act regarding the company's research and development activity, and an indication of the likely future developments in the business, have been covered in the context of the Strategic Report.

**Report of the Director
for the year ended 30 November 2019**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts Birmingham LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

N G Grey - Director

24 November 2020

Report of the Independent Auditors to the Members of Grey Technology Limited

Opinion

We have audited the financial statements of Grey Technology Limited (the 'company') for the year ended 30 November 2019 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

The impact of uncertainties on our audit owing to COVID-19

The Director's view on the impact of COVID-19 is disclosed in the Strategic Report on page 2, in the Accounting Policies on page 12, and in the Post Balance Sheet Events note on page 23.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by Directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 viral pandemic is one of the most significant economic events for the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We have applied a standardised approach in response to that uncertainty when considering the Director's assessment of the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the COVID-19 pandemic.

Report of the Independent Auditors to the Members of Grey Technology Limited

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Grey Technology Limited

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5 - 6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

27 November 2020

GREY TECHNOLOGY LIMITED (REGISTERED NUMBER: 04320113)

**Income Statement
for the year ended 30 November 2019**

	Notes	2019 £	2018 £
TURNOVER	3	79,175,982	93,281,312
Cost of sales		<u>(44,475,575)</u>	<u>(50,947,699)</u>
GROSS PROFIT		34,700,407	42,333,613
Administrative expenses		<u>(32,175,052)</u>	<u>(44,936,813)</u>
OPERATING PROFIT/(LOSS)	5	2,525,355	(2,603,200)
Provision for impairment of group debt	6	<u>274,459</u>	<u>(4,150,470)</u>
		2,799,814	(6,753,670)
Interest receivable and similar income	7	<u>370,058</u>	<u>410,791</u>
		3,169,872	(6,342,879)
Interest payable and similar expenses	8	<u>-</u>	<u>(20,344)</u>
PROFIT/(LOSS) BEFORE TAXATION		3,169,872	(6,363,223)
Tax on profit/(loss)	9	<u>(669,962)</u>	<u>2,106,421</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,499,910</u>	<u>(4,256,802)</u>

The notes form part of these financial statements

GREY TECHNOLOGY LIMITED (REGISTERED NUMBER: 04320113)

**Other Comprehensive Income
for the year ended 30 November 2019**

	Notes	2019 £	2018 £
PROFIT/(LOSS) FOR THE YEAR		2,499,910	(4,256,802)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>2,499,910</u>	<u>(4,256,802)</u>

The notes form part of these financial statements

GREY TECHNOLOGY LIMITED (REGISTERED NUMBER: 04320113)

**Statement of Financial Position
30 November 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	1,358,342	2,300,949
Investments	12	<u>1</u>	<u>1</u>
		<u>1,358,343</u>	<u>2,300,950</u>
CURRENT ASSETS			
Stocks	13	7,283,662	14,473,716
Debtors	14	20,509,532	19,788,733
Cash at bank and in hand		<u>23,960,000</u>	<u>14,625,969</u>
		51,753,194	48,888,418
CREDITORS			
Amounts falling due within one year	15	<u>(12,972,084)</u>	<u>(15,047,956)</u>
NET CURRENT ASSETS		<u>38,781,110</u>	<u>33,840,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		40,139,453	36,141,412
PROVISIONS FOR LIABILITIES	17	<u>(3,259,512)</u>	<u>(1,761,381)</u>
NET ASSETS		<u>36,879,941</u>	<u>34,380,031</u>
CAPITAL AND RESERVES			
Called up share capital	18	10,000	10,000
Retained earnings	19	<u>36,869,941</u>	<u>34,370,031</u>
SHAREHOLDERS' FUNDS		<u>36,879,941</u>	<u>34,380,031</u>

The financial statements were approved by the director and authorised for issue on 24 November 2020 and were signed by:

N G Grey - Director

The notes form part of these financial statements

GREY TECHNOLOGY LIMITED (REGISTERED NUMBER: 04320113)

**Statement of Changes in Equity
for the year ended 30 November 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2017	10,000	38,626,833	38,636,833
Changes in equity			
Total comprehensive income	-	(4,256,802)	(4,256,802)
Balance at 30 November 2018	10,000	34,370,031	34,380,031
Changes in equity			
Total comprehensive income	-	2,499,910	2,499,910
Balance at 30 November 2019	10,000	36,869,941	36,879,941

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 30 November 2019

1. **STATUTORY INFORMATION**

Grey Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Going concern

The director continues to adopt the going concern basis in preparing the financial statements as his belief is that company has adequate resources and support to continue in operational existence for the foreseeable future. In making this assessment the director considers a period of at least 12 months from the date of approval of these financial statements.

The impact of COVID-19

In response to the COVID-19 pandemic, the director has further considered the cash flow projections to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that can be taken to mitigate the impact. Based on these assessments, and given the measures that could be undertaken to mitigate the current adverse conditions, together with the current resources available, the director has concluded that he can continue to adopt the going concern basis in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Grey Technology Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Grey Technology Holding Limited, United Kingdom..

Notes to the Financial Statements - continued
for the year ended 30 November 2019

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Director to exercise judgement in applying the company's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Depreciation of tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Warranty provisions

A provision is incorporated into the financial statements to reflect an estimate of future costs to be incurred as a consequence of warranties provided to customers on invoiced sales. Warranties are provided to customers for a period of 2 years. The estimated requirement for provision is calculated using an average of returns for individual product lines from the current and previous financial years.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Domains & licences are being amortised evenly over their estimated useful life of three years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% straight line
Tooling	- 40% straight line
Fixtures, fittings and equipment	- 20% straight line
Motor vehicles	- 33% straight line
Computer equipment	- 33% straight line

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements - continued
for the year ended 30 November 2019

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Financial assets and financial liabilities are categorised under FRS 102 as either basic financial instruments or other financial instruments.

The company deals principally in basic financial instruments, which are accounted for in accordance with section 11 of FRS102.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

The company has the ability to deal in other more complex financial instruments such as derivative forward contracts for the hedging of foreign currency. Where material, these will be accounted for under section 12 of FRS102, initially measured at fair value at the date on which the derivative contract is entered into and subsequently measured at fair value through profit and loss.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Research and development

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the year ended 30 November 2019

3. **TURNOVER**

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the company.

7.6% of the turnover of the company is attributable to geographical markets outside the UK (2018 14.0%).

4. **EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	3,714,601	10,764,042
Social security costs	355,042	1,284,102
Other pension costs	95,102	150,335
	<u>4,164,745</u>	<u>12,198,479</u>

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

	2019	2018
Director & Management	3	4
Research & Development	29	49
Selling & Distribution	149	148
Finance & Administration	17	18
	<u>198</u>	<u>219</u>

	2019	2018
	£	£
Director's remuneration	247,821	5,013,651
Director's pension contributions to money purchase schemes	<u>3,366</u>	<u>2,637</u>

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

	2019	2018
Money purchase schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	247,821	5,013,651
Pension contributions to money purchase schemes	<u>3,366</u>	<u>2,637</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2019

5. OPERATING PROFIT/(LOSS)

The operating profit (2018 - operating loss) is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - owned assets	1,565,224	1,825,189
Auditors' remuneration	17,000	16,500
Foreign exchange differences	121,710	414,189
Operating lease rental	150,000	153,200
Impairment of loans to subsidiary undertakings	(274,459)	4,150,470
Directors remuneration	<u>110,200</u>	<u>5,016,288</u>

6. EXCEPTIONAL ITEMS

	2019 £	2018 £
Provision for impairment of group debt	<u>274,459</u>	<u>(4,150,470)</u>

Grey Trading (Shanghai) Co. Ltd

The Company's Chinese subsidiary ceased to trade in the accounting period to 30 November 2019. The balance owing on the intercompany loan between the two entities was deemed irrecoverable and was provided for in full. The total provision of £665,955 was charged to exceptional items in the profit and loss account in 2018. In the accounting period to 30 November 2019, sums were received back from the Chinese subsidiary. The sum of £274,459 has been credited to exceptional items in the profit and loss account

Gtech USA Inc

The Director, having reviewed the position in relation to the amount of £3,484,515 owed to Grey Technology by Gtech USA Inc, had the view that the amount owing was irrecoverable, and as such full impairment of the intercompany loan was provided for in the statement of profit or loss as an exceptional item in 2018.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Intercompany interest	331,598	405,220
Bank interest	5,994	3,363
Corporation tax interest	<u>32,466</u>	<u>2,208</u>
	<u>370,058</u>	<u>410,791</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Interest paid on tax	<u>-</u>	<u>20,344</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2019

9. TAXATION

Analysis of the tax charge/(credit)

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

	2019 £	2018 £
Current tax:		
UK corporation tax	407,762	(2,018,384)
Underprovision in prior year	<u>300,963</u>	<u>14,319</u>
Total current tax	<u>708,725</u>	<u>(2,004,065)</u>
Deferred tax	<u>(38,763)</u>	<u>(102,356)</u>
Tax on profit/(loss)	<u><u>669,962</u></u>	<u><u>(2,106,421)</u></u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit/(loss) before tax	<u>3,169,872</u>	<u>(6,363,223)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	602,276	(1,209,012)
Effects of:		
Expenses not deductible for tax purposes	2,421	835,689
Income not taxable for tax purposes	(52,147)	-
Depreciation in excess of capital allowances	4,561	36,231
Utilisation of tax losses	-	(409,940)
Research & Development enhanced deduction	(188,112)	(1,373,708)
Underprovision in prior year	<u>300,963</u>	<u>14,319</u>
Total tax charge/(credit)	<u><u>669,962</u></u>	<u><u>(2,106,421)</u></u>

At the date of the Director signing the Financial Statements, a claim for Research and Development was ongoing in respect of the period ended 30 November 2019. The taxation figures within the Financial Statements for the year ended 30 November 2019 include an estimate for the impact of the Research and Development claim, a sum of £188,112. The claim will be submitted in due course.

Notes to the Financial Statements - continued
for the year ended 30 November 2019

10. INTANGIBLE FIXED ASSETS

	Domains & licences £
COST	
At 1 December 2018 and 30 November 2019	<u>1,750</u>
AMORTISATION	
At 1 December 2018 and 30 November 2019	<u>1,750</u>
NET BOOK VALUE	
At 30 November 2019	<u>-</u>
At 30 November 2018	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Tooling £	Fixtures, fittings and equipment £
COST			
At 1 December 2018	12,651	7,818,546	407,568
Additions	-	596,923	2,811
Disposals	-	(5,175)	-
At 30 November 2019	<u>12,651</u>	<u>8,410,294</u>	<u>410,379</u>
DEPRECIATION			
At 1 December 2018	12,253	6,243,347	189,336
Charge for year	398	1,180,784	72,756
At 30 November 2019	<u>12,651</u>	<u>7,424,131</u>	<u>262,092</u>
NET BOOK VALUE			
At 30 November 2019	<u>-</u>	<u>986,163</u>	<u>148,287</u>
At 30 November 2018	<u>398</u>	<u>1,575,199</u>	<u>218,232</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2019

11. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 December 2018	63,707	1,574,250	9,876,722
Additions	-	28,058	627,792
Disposals	-	-	(5,175)
At 30 November 2019	63,707	1,602,308	10,499,339
DEPRECIATION			
At 1 December 2018	33,276	1,097,561	7,575,773
Charge for year	19,733	291,553	1,565,224
At 30 November 2019	53,009	1,389,114	9,140,997
NET BOOK VALUE			
At 30 November 2019	10,698	213,194	1,358,342
At 30 November 2018	30,431	476,689	2,300,949

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 December 2018 and 30 November 2019	1
NET BOOK VALUE	
At 30 November 2019	1
At 30 November 2018	1

Notes to the Financial Statements - continued
for the year ended 30 November 201912. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Gtech USA Inc

Registered office: Outside of the United Kingdom

Nature of business: Distribution of domestic electrical products

Class of shares:	% holding	2019 £	2018 £
Ordinary	100.00		
Aggregate capital and reserves		(275,394)	(98,515)
(Loss)/profit for the year		<u>(176,879)</u>	<u>3,214,528</u>

Gtech USA Inc. was incorporated on 16 November 2012. The company commenced trading in 2013.

Grey Technology (Shanghai) Co. Ltd

The company's Chinese subsidiary has ceased to trade in the year ending 30 November 2019 and full impairment of the investment has been made via provision against the intercompany debt (see note 6 - Exceptional items).

13. **STOCKS**

	2019 £	2018 £
Finished goods	<u>7,283,662</u>	<u>14,473,716</u>

14. **DEBTORS**

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	7,214,485	7,564,943
Amounts owed by group undertakings	165,011	-
Other debtors	144,084	76,156
Directors' current accounts	71,488	-
Tax	3,796,442	2,862,903
Deferred tax asset	341,338	302,575
Prepayments and accrued income	679,522	1,035,656
	<u>12,412,370</u>	<u>11,842,233</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>8,097,162</u>	<u>7,946,500</u>
Aggregate amounts	<u>20,509,532</u>	<u>19,788,733</u>

Notes to the Financial Statements - continued
for the year ended 30 November 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	8,066,238	9,345,685
Social security and other taxes	84,074	127,206
Wages	(31,423)	1,866
VAT	1,670,463	806,085
Other creditors	27,885	3,114
Directors' current accounts	-	131,170
Accrued expenses	3,154,847	4,632,830
	<u>12,972,084</u>	<u>15,047,956</u>

A debenture is held by Handelsbanken over the company assets and undertakings.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	175,213	206,795
Between one and five years	<u>50,000</u>	<u>225,213</u>
	<u>225,213</u>	<u>432,008</u>

17. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Other provisions		
Warranty provision	<u>3,259,512</u>	<u>1,761,381</u>
	Deferred tax	Warranty provision
	£	£
Balance at 1 December 2018	(302,575)	1,761,381
Provided during year	-	1,498,130
Credit to Income Statement during year	<u>(38,763)</u>	<u>-</u>
Balance at 30 November 2019	<u>(341,338)</u>	<u>3,259,511</u>

A warranty provision is provided at the point the revenue is recognised on products sold under the company warranty terms. The provision is estimated based on an average return rate calculated by reference to the product and sales channel.

Notes to the Financial Statements - continued
for the year ended 30 November 2019

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

19. RESERVES

	Retained earnings £
At 1 December 2018	34,370,031
Profit for the year	<u>2,499,910</u>
At 30 November 2019	<u>36,869,941</u>

20. ULTIMATE PARENT COMPANY

The Immediate and Ultimate parent company is Grey Technology Holding Limited, a company registered and incorporated in England and Wales.

Consolidated accounts for the year are available from Brindley Road, Warndon, Worcestershire, WR4 9FB.

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

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

	2019 £	2018 £
N G Grey		
Balance outstanding at start of year	(131,170)	401,318
Amounts advanced	202,658	2,559,935
Amounts repaid	-	(3,092,423)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>71,488</u>	<u>(131,170)</u>

The overdrawn balance carried forward at the end of the year was cleared within 9 months of the year end.

22. RELATED PARTY DISCLOSURES

Key management personnel remuneration during the year totalled £251,187 (2018 £5,016,288).

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

**Notes to the Financial Statements - continued
for the year ended 30 November 2019**

23. POST BALANCE SHEET EVENTS

At the time of approval of these financial statements, the COVID-19 viral pandemic is one of the most significant economic events for the UK and globally. For entities with a year end 31 December 2019 or earlier, the emerging impact of COVID-19 in the post balance sheet period is viewed under UK accounting principles as a non-adjusting post balance sheet event. The director is required, however, to consider the impact on the business in the post balance sheet period and on the outlook for the foreseeable future in terms of the confirmation of the going concern assumption as the appropriate basis for preparation of the accounts. Further details of the director's view of the impact of COVID-19 are given in the Strategic Report and Accounting Policies.

24. ULTIMATE CONTROLLING PARTY

The director remains the ultimate controlling party, by virtue of holding the controlling interest in the parent company.

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