

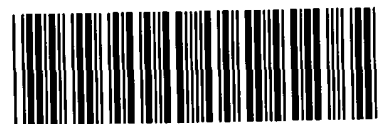
Registration number: 04373617

# Tone Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

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## **Tone Group Limited**

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## **Tone Group Limited**

### **Company Information**

**Directors** AS Needham

M Ahluwalia

**Company secretary** M Ahluwalia

**Registered office** c/o McBrides Accountants LLP  
Nexus House  
2 Cray Road  
Sidcup  
Kent  
DA14 5DA

**Auditors** McBrides Accountants LLP  
Nexus House  
Cray Road  
Sidcup  
Kent  
DA14 5DA

## **Tone Group Limited**

### **Strategic Report for the Year Ended 31 December 2020**

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

#### **Principal activity**

The principal activity of the company is that of a holding company. The principal activities of the subsidiary companies are the provision of contract scaffolding services, the provision of specialist structures for the television and film industries, and the provision of seating and staging.

#### **Fair review of the business**

The group consists of three main operating activities, comments related to which are detailed further below. Each entity has a similar operating model in that they each provide the design and deployment of temporary structures constructed from scaffolding and other similar related equipment. Each operating company has continued to focus on the requirements of its clients and the quality of its service provision throughout the year. This has relied on the directors continued commitment to the way the group supplies its services and the innovative approach taken to meet the challenges of its clients and their varied requirements. Continued investment in fixed assets has enabled the group to remain a leading provider of these services throughout the year.

The directors also recognise the importance of the group's employees to the delivery of its services. Ongoing development of employee skills through training remains important to the ongoing aims and success of the group. Health and safety of employees and the general public remains critical to the group and investment in this area ensures continued adherence to the requirements of its operations.

The directors have reviewed the activities of the group as follows:

#### **Contract scaffolding services**

Client activity and therefore revenues have fallen during the year, brought about by the initial lockdown imposed by the UK government in its response to the Covid 19 pandemic. The directors have assessed the impact of the pandemic on this activity and have made operational efficiencies to mitigate the impact of the reduced activity. This has given rise to a reduced cost base and an improvement in gross profit margin and profit before tax for contract scaffolding services.

#### **Specialist structures for the television and film industry**

The directors are pleased with the outcomes from this activity given the revenues fell substantially in this sector as a result of the impact of the pandemic. The group continues to retain a strong position in the sector because of its ability to continue to provide high levels of skilled service and bespoke solutions to its customers.

#### **Provision of seating and staging**

This activity was also affected by the restrictions arising from the pandemic. The impact on the event sector has been significant and a number of events were cancelled in the period. The directors have taken decisions to mitigate the impact on this service provision and have made efficiencies to its operations in this area. The group is well positioned to commence the provision of seating when restrictions are relaxed.

## **Tone Group Limited**

### **Strategic Report for the Year Ended 31 December 2020**

#### **Group financial position**

The directors recognise that this has been a challenging year but are pleased with the results for the year and the resulting improvement in net current assets and total equity. The directors are satisfied that the financial position of the group will continue to support existing and anticipated contracts, enabling the group to remain a leading and reliable provider of services to its clients.

#### **Key performance indicators**

Management use a range of performance measures to monitor and manage the group. The KPIs used to determine the progress and performance are set out below:

#### **Turnover**

Turnover has reduced by 29.0% to £10,662,960 from £15,025,888 in the previous year.

#### **Gross Profit**

The group's gross profit margin has increased in the year to 41.3% (2019: 37.7%), but overall gross profit has fallen by £1,259,641.

#### **Profit Before Tax**

Profit before tax earned by the group has increased from £37,022 to £1,104,868.

#### **Balance Sheet**

The balance sheet shows that the group's net assets at the year-end have increased from £4,621,379 to £5,454,418.

#### **Cash Flow**

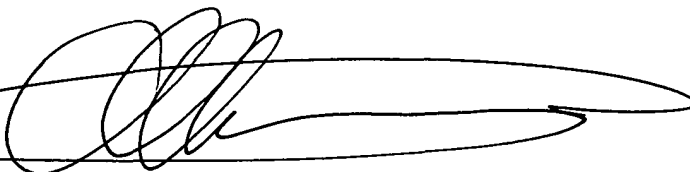
The group saw a net cash inflow during the year of £368,616 (2019: £352,151).

#### **Principal risks and uncertainties**

The group is susceptible to a number of economic, commercial and environmental risks and uncertainties. Some of these risks are shared with many operators within the construction industry including the state of the underlying economy and business investment confidence. The industry faces particular difficulties during an economic downturn, since construction is an area of the economy susceptible to negative sentiment and low confidence given the levels of investment required to support the industry. In addition, delays in investment decisions may result in downtime and under-utilised resource, both of which could affect the group.

Approved by the Board on 16/07/21 and signed on its behalf by:

AS Needham  
Director



## **Tone Group Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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

#### **Directors of the group**

The directors who held office during the year were as follows:

AS Needham

M Ahluwalia

#### **Financial instruments**

The group's principal financial instruments include bank overdrafts, loans, and an invoice finance facility, the main purpose of which is to raise finance for its operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts, loans, and invoice finance facilities.

Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

#### **Future developments**

The directors plan to continue to invest to maintain the quality of its staff, its commitment to a strong health and safety policy and the capabilities of its operational activities through investment in its employees and fixed asset base. This will ensure the group will be well positioned to meet the varied and challenging requirements of its clients.

The directors continue to consider the short and medium term impact of the Covid 19 pandemic and will make operational and financial decisions to ensure that the group is best placed to take advantage of business opportunities that are expected to arise from the relaxation of government restrictions. Indeed, the directors are very encouraged by early signs following the year end that show an improvement in business activities across all trading areas of the group.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 16/07/21 and signed on its behalf by:

AS Needham  
Director



## **Tone Group Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

## **Tone Group Limited**

### **Independent Auditor's Report to the Members of Tone Group Limited**

#### **Opinion**

We have audited the financial statements of Tone Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.



## **Tone Group Limited**

### **Independent Auditor's Report to the Members of Tone Group Limited**

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **Tone Group Limited**

### **Independent Auditor's Report to the Members of Tone Group Limited**

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

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include vehicle operating licences, transport regulations, health and safety legislation and employment legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Tone Group Limited**

### **Independent Auditor's Report to the Members of Tone Group Limited**

#### **Use of our report**

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

*McBrides Accountants LLP*  
Mark Grady (Senior Statutory Auditor)

For and on behalf of McBrides Accountants LLP, Statutory Auditor

Nexus House  
Cray Road  
Sidcup  
Kent  
DA14 5DA

Date: 16/7/21

## Tone Group Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	10,662,960	15,025,888
Cost of sales		<u>(6,261,816)</u>	<u>(9,365,103)</u>
Gross profit		4,401,144	5,660,785
Administrative expenses		(3,748,438)	(5,730,911)
Other operating income	4	<u>475,200</u>	<u>178,552</u>
Operating profit		1,127,906	108,426
Other interest receivable and similar income	5	39	654
Interest payable and similar charges	6	<u>(23,077)</u>	<u>(72,058)</u>
Profit before tax		1,104,868	37,022
Taxation	10	<u>(101,326)</u>	<u>286,369</u>
Profit for the financial year		<u><u>1,003,542</u></u>	<u><u>323,391</u></u>

No Statement of Comprehensive Income has been presented as there is no movement through other comprehensive income for the year.

# Tone Group Limited

(Registration number: 04373617)

## Consolidated Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	11	109,258	147,988
Tangible assets	12	<u>4,139,794</u>	<u>4,036,985</u>
		<u>4,249,052</u>	<u>4,184,973</u>
<b>Current assets</b>			
Debtors	14	2,518,413	2,706,559
Cash at bank and in hand		<u>843,432</u>	<u>474,816</u>
		3,361,845	3,181,375
<b>Creditors: Amounts falling due within one year</b>	16	<u>(1,730,231)</u>	<u>(2,317,813)</u>
<b>Net current assets</b>		<u>1,631,614</u>	<u>863,562</u>
<b>Total assets less current liabilities</b>		5,880,666	5,048,535
<b>Creditors: Amounts falling due after more than one year</b>	16	(132,422)	(173,601)
<b>Provisions for liabilities</b>	20, 10	<u>(293,826)</u>	<u>(253,555)</u>
<b>Net assets</b>		<u>5,454,418</u>	<u>4,621,379</u>
<b>Capital and reserves</b>			
Called up share capital	19	75,000	75,000
Other reserves		12,713	12,713
Profit and loss account		<u>5,366,705</u>	<u>4,533,666</u>
<b>Total equity</b>		<u>5,454,418</u>	<u>4,621,379</u>

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved and authorised by the Board on 14/7/21 and signed on its behalf by:

M Ahluwalia  
Director

The notes on pages 16 to 36 form an integral part of these financial statements.

# Tone Group Limited

(Registration number: 04373617)  
Balance Sheet as at 31 December 2020

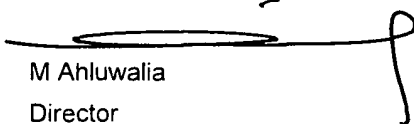
	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	1,139,642	1,257,922
Investments	13	<u>2,508,466</u>	<u>2,508,466</u>
		<u>3,648,108</u>	<u>3,766,388</u>
<b>Current assets</b>			
Debtors	14	89,431	68,864
Cash at bank and in hand		<u>10,761</u>	<u>92,800</u>
		100,192	161,664
<b>Creditors: Amounts falling due within one year</b>	16	<u>(2,595,913)</u>	<u>(2,649,228)</u>
<b>Net current liabilities</b>		<u>(2,495,721)</u>	<u>(2,487,564)</u>
<b>Total assets less current liabilities</b>		1,152,387	1,278,824
<b>Creditors: Amounts falling due after more than one year</b>	16	(132,422)	(173,601)
<b>Provisions for liabilities</b>	20	<u>(17,658)</u>	<u>12,886</u>
<b>Net assets</b>		<u>1,002,307</u>	<u>1,118,109</u>
<b>Capital and reserves</b>			
Called up share capital	19	75,000	75,000
Other reserves		12,713	12,713
Profit and loss account		<u>914,594</u>	<u>1,030,396</u>
<b>Total equity</b>		<u>1,002,307</u>	<u>1,118,109</u>

The company has taken the exemption in s408 from producing an individual Profit and Loss Account.

The company made a profit after tax for the financial year of £54,701 (2019 - profit of £16,671).

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved and authorised by the Board on 16/7/21 and signed on its behalf by:

  
M Ahluwalia  
Director

# Tone Group Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2020	75,000	12,713	4,533,666	4,621,379
Profit for the year	-	-	1,003,542	1,003,542
Total comprehensive income	-	-	1,003,542	1,003,542
Dividends	-	-	(170,503)	(170,503)
At 31 December 2020	75,000	12,713	5,366,705	5,454,418

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2019	75,000	12,713	4,398,075	4,485,788
Profit for the year	-	-	323,391	323,391
Total comprehensive income	-	-	323,391	323,391
Dividends	-	-	(187,800)	(187,800)
At 31 December 2019	75,000	12,713	4,533,666	4,621,379

# **Tone Group Limited**

## **Statement of Changes in Equity for the Year Ended 31 December 2020**

	<b>Share capital</b> £	<b>Share option reserve</b> £	<b>Profit and loss account</b> £	<b>Total</b> £
At 1 January 2020	75,000	12,713	1,030,396	1,118,109
Profit for the year	-	-	54,701	54,701
Total comprehensive income	-	-	54,701	54,701
Dividends	-	-	(170,503)	(170,503)
At 31 December 2020	<u>75,000</u>	<u>12,713</u>	<u>914,594</u>	<u>1,002,307</u>

	<b>Share capital</b> £	<b>Other reserves</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 1 January 2019	75,000	12,713	1,201,525	1,289,238
Profit for the year	-	-	16,671	16,671
Total comprehensive income	-	-	16,671	16,671
Dividends	-	-	(187,800)	(187,800)
At 31 December 2019	<u>75,000</u>	<u>12,713</u>	<u>1,030,396</u>	<u>1,118,109</u>

The notes on pages 16 to 36 form an integral part of these financial statements.



# Tone Group Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Profit for the year		1,003,542	323,391
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		965,065	1,000,562
(Profit)/loss on disposal of property plant and equipment		(34,440)	10,753
Finance income	5	(39)	(654)
Finance costs	6	23,077	72,058
Corporation tax		101,326	(286,369)
		<u>2,058,531</u>	<u>1,119,741</u>
Working capital adjustments			
Decrease in trade and other debtors	14	60,750	2,277,572
Increase/(decrease) in trade and other creditors	16	23,682	(1,240,721)
Cash generated from operations		2,142,963	2,156,592
Corporation tax received/(paid)	10	99,619	(142,663)
Net cash flow from operating activities		<u>2,242,582</u>	<u>2,013,929</u>
<b>Cash flows from investing activities</b>			
Interest received		39	654
Acquisitions of property plant and equipment		(910,486)	(562,731)
Proceeds from sale of property plant and equipment		52,046	74,201
Net cash flows from investing activities		<u>(858,401)</u>	<u>(487,876)</u>
<b>Cash flows from financing activities</b>			
Interest paid	6	(23,077)	(72,058)
Change in overdraft		-	(741,339)
New loans		-	503,426
Repayment of bank borrowing		(281,658)	(739,734)
Net proceeds from other borrowings		(379,447)	379,447
Payments to finance lease creditors		(160,880)	(315,844)
Dividends paid		(170,503)	(187,800)
Net cash flows from financing activities		<u>(1,015,565)</u>	<u>(1,173,902)</u>
Net increase in cash and cash equivalents		368,616	352,151
Cash and cash equivalents at 1 January		474,816	122,665
Cash and cash equivalents at 31 December	15	<u>843,432</u>	<u>474,816</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England.

The principal activity of the individual company and group is disclosed in the Strategic Report.

The address of its registered office is:

c/o McBrides Accountants LLP

Nexus House

2 Cray Road

Sidcup

Kent

DA14 5DA

The principal place of business is:

Green Lane Sawmills

Green Lane

Outwood

Redhill

Surrey

RH1 5QP

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

##### **Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

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

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein.

Deferred cash payments arising and payable following the acquisition of a subsidiary are recognised at amortised cost using an appropriate rate of interest.

#### **Going concern**

At the time of approval of the financial statements, following a period of restrictions brought about by the COVID-19 pandemic, the UK government are entering the final stage of the roadmap out of lockdown to remove all legal limits on social contact. Management continue to monitor trading activity as the risks to sales demand are ongoing. After reviewing the company's forecasts the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

Specifically, judgements and estimates are required in determining the useful economic lives of fixed assets and the recoverability of trade debtors.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the group's activities.

With regards to long term contracts, turnover is calculated at that proportion of total contract value which costs incurred to date bear to total costs expected for that contract.

#### **Government grants**

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and the grant will be received.

The company has adopted the accrual model for accounting for government grants. Grants relating to revenue are recognised in income on a systematic basis over the same period as the related costs for which the grant is intended to compensate. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

#### **Tax**

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

The current corporation 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 group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred corporation tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Enhanced tax relief claims in relation to research and development are made, time permitting, in the same accounting period for which the eligible expenditure is identified. Otherwise, tax recoverable in relation to retrospective claims are recognised in the accounting period when those claims are submitted to HMRC.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

On an annual basis the directors consider the necessity of a provision for items that have been broken, scrapped or used for one-off projects and where they conclude a scrapping provision is required, items will be removed from the records in order to ensure plant and machinery is not overstated in the financial statements.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land and buildings	Over the term of the lease
Plant and machinery	10% straight line
Furniture, fixtures & fittings	15 - 25% reducing balance
Motor vehicles	25% reducing balance

#### **Goodwill**

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Intangible assets**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Separately acquired intangible assets are shown at historical cost.

Brands and other intangible assets acquired in a business combination are recognised at cost at the acquisition date.

Brands and other intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	10% - 20% straight line
Brand	17% straight line
Website	20% straight line
Other identifiable intangible assets	20% straight line

#### **Investments**

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Financial instruments**

##### ***Classification***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

##### ***Recognition and measurement***

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

##### ***Impairment***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade and other debtors**

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Trade and other creditors**

Trade creditors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at transaction price.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Rendering of services	<u>10,662,960</u>	<u>15,025,888</u>

The analysis of the group's revenue for the year by class of business is as follows:

	2020 £	2019 £
Contract scaffolding	9,620,817	12,671,502
Provision of specialist structures and seating	<u>1,042,143</u>	<u>2,354,386</u>
	<u>10,662,960</u>	<u>15,025,888</u>

The analysis of the group's turnover for the year by market is as follows:

	2020 £	2019 £
UK	<u>10,662,960</u>	<u>15,025,888</u>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £	2019 £
Government grants	483,071	-
Rental income	(7,871)	20,698
Other operating income	<u>-</u>	<u>157,854</u>
	<u>475,200</u>	<u>178,552</u>

#### 5 Other interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	<u>39</u>	<u>654</u>

#### 6 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	4,824	14,860
Interest on obligations under finance leases and hire purchase contracts	17,238	34,254
Interest expense on other finance liabilities	<u>1,015</u>	<u>22,944</u>
	<u>23,077</u>	<u>72,058</u>



# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	5,614,336	8,703,032
Social security costs	592,192	887,632
Pension costs, defined contribution scheme	120,374	135,334
	<u>6,326,902</u>	<u>9,725,998</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Operatives	100	150
Management and administration	<u>34</u>	<u>46</u>
	<u>134</u>	<u>196</u>

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	118,624	144,634
Contributions paid to money purchase schemes	-	741
	<u>118,624</u>	<u>145,375</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>1</u>

### 9 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>21,750</u>	<u>26,445</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>34,915</u>	<u>41,026</u>

# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 10 Tax

Tax charged/(credited) in the profit and loss account

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	84,312	32,522
UK corporation tax adjustment to prior periods	(23,257)	(302,787)
	<u>61,055</u>	<u>(270,265)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	40,271	(16,104)
Tax charge in the profit and loss account	<u>101,326</u>	<u>(286,369)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,104,868</u>	<u>37,022</u>
Corporation tax at standard rate	209,925	7,034
Effect of revenues exempt from taxation	(7,686)	(4,103)
Effect of expense not deductible in determining taxable profit (tax loss)	5,959	12,527
Effect of tax losses	(2,638)	4,747
Tax increase from effect of capital allowances and depreciation	1,075	11,419
Tax increase from other short-term timing differences	3,231	898
Tax decrease from effect of adjustment to prior periods	(23,257)	-
Tax decrease from effect of adjustment in research and development tax credit	(125,554)	(302,787)
Deferred tax movement	<u>40,271</u>	<u>(16,104)</u>
Total tax charge/(credit)	<u>101,326</u>	<u>(286,369)</u>

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

In the Spring Budget 2021, the government announced that the main corporation tax rate for the years starting 1 April 2021 and 2022 would remain at 19%, being the same rate that has been applied in preparing these financial statements. The rate will increase to 25% from 1 April 2023.

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	<b>Liability £</b>
<b>2020</b>	
Accelerated capital allowances	<u>294,374</u>
<b>2019</b>	
Accelerated capital allowances	<u>253,555</u>

##### Company

Deferred tax assets and liabilities

	<b>Liability £</b>
<b>2020</b>	
Accelerated capital allowances	<u>17,658</u>
<b>2019</b>	
Accelerated capital allowances	<u>12,886</u>

The overprovision of corporation tax in prior years relate to the benefit obtained from research and development credits claimed in 2020 but relating to prior years.

# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 11 Intangible assets

#### Group

	Goodwill £	Other intangible assets £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	1,184,706	118,000	1,302,706
At 31 December 2020	1,184,706	118,000	1,302,706
<b>Amortisation</b>			
At 1 January 2020	1,055,947	98,771	1,154,718
Amortisation charge	23,772	14,958	38,730
At 31 December 2020	1,079,719	113,729	1,193,448
<b>Carrying amount</b>			
At 31 December 2020	104,987	4,271	109,258
At 31 December 2019	128,759	19,229	147,988

Goodwill represents the carrying value of goodwill acquired on the acquisition of Austen Lewis Limited with a carrying value of £104,987 and remaining amortisation period of 5 years. Goodwill acquired on acquisition of other subsidiaries have been fully amortised.

Other intangible assets represent the carrying value of intangible assets acquired on the acquisition of Austen Lewis Limited. The intangible assets include the acquired brand with a carrying value of £4,271 and remaining amortisation period of 5 months. The website, domain and operational knowledge have a carrying value of £Nil.

The amortisation expense for the year and prior year are included in administration expenses.

# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 12 Tangible assets

#### Group

	Leasehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	708,844	1,995,825	1,858,432	10,959,783	15,522,884
Additions	484,934	29,173	172,385	360,258	1,046,750
Disposals	-	-	(137,102)	-	(137,102)
At 31 December 2020	<u>1,193,778</u>	<u>2,024,998</u>	<u>1,893,715</u>	<u>11,320,041</u>	<u>16,432,532</u>
<b>Depreciation</b>					
At 1 January 2020	297,802	1,767,768	1,090,572	8,329,757	11,485,899
Charge for the year	141,215	49,236	208,094	527,790	926,335
Eliminated on disposal	-	-	(119,496)	-	(119,496)
At 31 December 2020	<u>439,017</u>	<u>1,817,004</u>	<u>1,179,170</u>	<u>8,857,547</u>	<u>12,292,738</u>
<b>Carrying amount</b>					
At 31 December 2020	<u>754,761</u>	<u>207,994</u>	<u>714,545</u>	<u>2,462,494</u>	<u>4,139,794</u>
At 31 December 2019	<u>411,042</u>	<u>228,057</u>	<u>767,860</u>	<u>2,630,026</u>	<u>4,036,985</u>

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Plant and machinery	-	166,102
Motor vehicles	<u>466,890</u>	<u>575,925</u>
	<u>466,890</u>	<u>742,027</u>

# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### Company

	Furniture, fittings and equipment £	Motor vehicles £	Plant and Equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	874,705	1,668,045	4,766,706	7,309,456
Additions	8,001	172,385	40,155	220,541
Disposals	-	(110,102)	-	(110,102)
At 31 December 2020	<u>882,706</u>	<u>1,730,328</u>	<u>4,806,861</u>	<u>7,419,895</u>
<b>Depreciation</b>				
At 1 January 2020	860,792	923,638	4,267,104	6,051,534
Charge for the year	3,880	205,475	118,370	327,725
Eliminated on disposal	-	(99,006)	-	(99,006)
At 31 December 2020	<u>864,672</u>	<u>1,030,107</u>	<u>4,385,474</u>	<u>6,280,253</u>
<b>Carrying amount</b>				
At 31 December 2020	<u>18,034</u>	<u>700,221</u>	<u>421,387</u>	<u>1,139,642</u>
At 31 December 2019	<u>13,913</u>	<u>744,407</u>	<u>499,602</u>	<u>1,257,922</u>

### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Plant and machinery	-	166,102
Motor vehicles	<u>466,890</u>	<u>575,925</u>
	<u>466,890</u>	<u>742,027</u>

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 13 Investments

##### Company

	2020 £	2019 £
Investments in subsidiaries	<u>2,508,466</u>	<u>2,508,466</u>
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 January 2020		3,208,466
<b>Provision</b>		
At 1 January 2020		<u>700,000</u>
<b>Carrying amount</b>		
At 31 December 2020		<u>2,508,466</u>
At 31 December 2019		<u>2,508,466</u>

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Tone Scaffolding Services Limited	England	Ordinary	0%	0%
Media Structures Limited	England	Ordinary	100%	100%
Austen Lewis Limited	England	Ordinary	100%	100%
Tone Hire and Sales Limited	England	Ordinary	100%	100%
A.M.E. National Rigging Limited	England	Ordinary	100%	100%

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Subsidiary undertakings

##### *Tone Scaffolding Services Limited*

The principal activity of Tone Scaffolding Services Limited is the provision of contract scaffolding.

##### *Media Structures Limited*

The principal activity of Media Structures Limited is the provision of specialist structures.

##### *Austen Lewis Limited*

The principal activity of Austen Lewis Limited is the provision of specialist seating.

##### *Tone Hire and Sales Limited*

The principal activity of Tone Hire and Sales Limited is that of a non trading dormant company.

##### *A.M.E. National Rigging Limited*

The principal activity of A.M.E. National Rigging Limited is that of a non trading dormant company.

#### 14 Debtors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Trade debtors		2,144,581	2,333,741	40	3,000
Accrued income		12,090	8,175	-	-
Other debtors		172,519	140,885	88,488	65,811
Prepayments		189,170	96,309	850	-
Corporation tax recoverable	10	<u>53</u>	<u>127,449</u>	<u>53</u>	<u>53</u>
Total current trade and other receivables		<u>2,518,413</u>	<u>2,706,559</u>	<u>89,431</u>	<u>68,864</u>

An impairment gain/(loss) of £Nil (2019: £4,571) was recognised against trade debtors.



# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 15 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	8,017	6,772	3,589	3,589
Cash at bank	835,415	468,044	7,172	89,211
	<u>843,432</u>	<u>474,816</u>	<u>10,761</u>	<u>92,800</u>

### 16 Creditors

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	17	233,027	877,569	233,027	498,122
Trade creditors		924,158	658,803	47,115	65,067
Amounts due to group companies		-	-	2,278,114	2,011,973
Social security and other taxes		311,717	410,676	21,442	-
Other creditors		38,395	214,815	2,820	61,766
Accruals		157,134	123,428	13,395	12,300
Corporation tax	10	65,800	32,522	-	-
		<u>1,730,231</u>	<u>2,317,813</u>	<u>2,595,913</u>	<u>2,649,228</u>
<b>Due after one year</b>					
Loans and borrowings	17	<u>132,422</u>	<u>173,601</u>	<u>132,422</u>	<u>173,601</u>

### 17 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Non-current loans and borrowings</b>				
Bank borrowings	-	23,861	-	23,861
Finance lease liabilities	132,422	149,740	132,422	149,740
	<u>132,422</u>	<u>173,601</u>	<u>132,422</u>	<u>173,601</u>

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Current loans and borrowings</b>				
Bank borrowings	24,716	282,513	24,716	282,513
Finance lease liabilities	208,311	215,609	208,311	215,609
Other borrowings	-	379,447	-	-
	<u>233,027</u>	<u>877,569</u>	<u>233,027</u>	<u>498,122</u>

#### Group

##### Bank borrowings

Bank borrowings are denominated in Sterling and accrue interest at a nominal interest rate of 2.35% above base, and the final instalment is due on 27 January 2021. The carrying amount at the year end is £24,716 (2019 - £306,374). The bank borrowings are secured by a fixed and floating charge over all the current and future assets of the company, and a guarantee provided by A S Needham, a director. Repayments representing principal and interest are made monthly.

##### Finance lease liabilities

Obligations under finance lease agreements with a carrying amount of £340,733 (2019 - £365,349) are denominated in Sterling and accrue interest at a nominal interest rate of 2.6% to 9.2%. The final instalment of these liabilities is due on 30 November 2022.

Obligations under hire purchase and leasing agreements are secured against the assets concerned. Repayments are made monthly consisting of both interest and principal.

##### Other borrowings

Other borrowings include £Nil (2019 - £379,447) due to Lloyds Invoice Discounting in respect of an invoice finance facility. The invoice finance facility is a revolving facility secured on certain trade debtor balance outstanding from time to time.

#### Company

##### Bank borrowings

Current year bank borrowings are denominated in Sterling and accrue interest at a nominal interest rate of 2.35% above base, and the final instalment is due on 27 January 2021. The carrying amount at the year end is £24,716 (2019 - £306,374). The bank borrowings are secured by a fixed and floating charge over all the current and future assets of the company, and a guarantee provided by A S Needham, a director. Repayments representing principal and interest are made monthly.

##### Finance lease liabilities

Obligations under finance lease agreements with a carrying amount of £340,733 (2019 - £365,349) are denominated in Sterling and accrue interest at a nominal interest rate of 2.6% to 9.2%. The final instalment is due on 30 November 2022.

Obligations under hire purchase and leasing agreements are secured against the assets concerned. Repayments are made monthly consisting of both interest and principal.

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 18 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	200,000	207,200
Later than one year and not later than five years	<u>516,667</u>	<u>716,667</u>
	<u>716,667</u>	<u>923,867</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £167,038 (2019 - £344,150).

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All Ordinary shares rank equally with regard to the company's residual assets.

#### 20 Deferred tax and other provisions

##### Group

	Deferred tax £	Total £
At 1 January 2020	253,555	253,555
Increase (decrease) in existing provisions	<u>40,271</u>	<u>40,271</u>
At 31 December 2020	<u>293,826</u>	<u>293,826</u>

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Company

	Deferred tax £	Total £
At 1 January 2020	(12,886)	(12,886)
Increase (decrease) in existing provisions	<u>30,544</u>	<u>30,544</u>
At 31 December 2020	<u>17,658</u>	<u>17,658</u>

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £120,374 (2019 - £135,334).

#### 22 Share-based payments

##### Enterprise Management Incentive (EMI) scheme

##### Scheme details and movements

The company has established an EMI scheme which grants the option holder the right to acquire up to 7,500 shares. The options can be exercised under certain conditions and will lapse on the 10th anniversary of the grant date.

No options have been exercised at the end of the reporting period.

#### 23 Dividends

	2020 £	2019 £
Interim dividend of £2 (2019 - £3) per ordinary share	<u>170,503</u>	<u>187,800</u>

#### 24 Contingent liabilities and guarantees

##### Company

The company has entered into an unlimited multilateral guarantee dated 21 March 2019 with the other group companies in respect of borrowing facilities provided by Lloyds Bank and which are secured by a fixed and floating charge over all current and future assets of the group companies. The contingent liability arising as a result of loans and overdrafts of the other group companies at the balance sheet date was £24,716.

# Tone Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### Income and receivables from related parties

	Other related parties £
<b>2020</b>	
Amounts receivable from related party	<u>79,139</u>
<b>2019</b>	
Amounts receivable from related party	<u>69,499</u>

### Expenditure with and payables to related parties

	Key management £	Other related parties £
<b>2020</b>		
Rent payable	<u>21,600</u>	<u>136,042</u>
Amounts payable to related party	<u>-</u>	<u>10,535</u>
<b>2019</b>		
Rent payable	<u>144,108</u>	<u>200,012</u>
Amounts payable to related party	<u>-</u>	<u>81,774</u>

### 27 Ultimate controlling party

The ultimate controlling party is A S Needham.