

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2020  
FOR  
PREMIER MECHANICAL INSTALLATIONS LIMITED**

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FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**PREMIER MECHANICAL INSTALLATIONS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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<b>DIRECTOR:</b>	Mr D G Healey
<b>SECRETARY:</b>	Mr D G Healey
<b>REGISTERED OFFICE:</b>	36 Leamington Crescent Harrow Middlesex HA2 9HQ
<b>REGISTERED NUMBER:</b>	04893966 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Christopher Andrews ACA
<b>AUDITORS:</b>	Mountsides Limited Chartered Accountants & Statutory Auditors 2 Mountside Stanmore Middlesex HA7 2DT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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The director presents his strategic report for the year ended 31st December 2020.

**REVIEW OF BUSINESS**

The director considers the key financial performance indicators (KPIs) to be those that communicate the financial performance and strength of the company as a whole to its members. These KPIs comprise turnover, operating profit and shareholders' funds.

**CORONAVIRUS**

In early 2020 the UK was hit by the full impact of the global Coronavirus Covid-19 pandemic, which in turn has had a severe effect on the entire UK economy. Full national lockdowns have been in place from March 2020 to June 2020, and subsequently in November 2020 and then from early January 2021 until March 2021.

The pandemic has had a serious effect on the company's UK operations and the company has strived to maintain revenues and profits by targeting its European markets, diversification and reducing costs. It benefitted from government and local authority support and, together with other resources available, has been able to continue to operate throughout the pandemic. It also incurred additional compliance costs to ensure all worksites and operations remained covid-secure.

Although July 2021 marked the end of substantially all Covid-19 related restrictions in the UK, macroeconomic conditions continue to be challenging. At the time of finalizing these financial statements, the UK government has in December 2021 announced a switch to Plan B of its Winter Covid-19 plan, which aims to keep the economic recovery on track, while ensuring some restrictions are in place to further protect the NHS in light of the emergence of the Omicron variant of Covid-19.

The director has reviewed the financial position of the company and considers that it has sufficiently strong reserves to continue to withstand the ongoing challenges presented by the pandemic.

Turnover and operating profit have decreased during the year by 18% and 92% respectively and at the year end shareholders' funds have increased by 2%.

The company is exempt from the requirement to disclose details of non-financial key performance indicators as it is a medium sized company.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the company's financial assets and liabilities or on reported profitability and on the cash flows of the company.

The company's principal financial instruments comprise cash balances and various items such as trade debtors and trade creditors which arise directly from trading operations. The main purpose of these financial instruments is to provide finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks.

**LIQUIDITY RISK**

The company minimises its exposure to liquidity risk by managing cash generation by its operations with cash collection targets set. In this way the company ensures that sufficient funds are available for day to day operations and planned expansions.

**FOREIGN EXCHANGE RISK**

The company minimises exposure to FOREX risk by maintaining funds in foreign currencies, and by planning foreign transactions to minimise such risks.

**CREDIT RISK**

The principal credit risk arises from trade debtors. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis, based on a combination of payment history and third party references.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**FUTURE DEVELOPMENTS**

The director is satisfied with the results achieved during the year. His plan for the future is to continue in his efforts to secure new pipework orders and contracts, both in the United Kingdom and overseas, and to continue to train its workforce in new processes and technology. Brexit and Covid-19 have created significant uncertainties which are likely to dampen the company's future growth, but in the director's opinion, the company is well positioned to meet these challenges.

**ON BEHALF OF THE BOARD:**

Mr D G Healey - Director

24th December 2021

**REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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The director presents his report with the financial statements of the company for the year ended 31st December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of industrial plumbing contractors, specialising in the supply and installation of pre-fabricated pipework.

**DIVIDENDS**

Interim dividends of £48,500 (2019: £47,000) were distributed during the year. The director does not recommend the payment of a final dividend.

**DIRECTOR**

Mr D G Healey held office during the whole of the period from 1st January 2020 to the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has set out the business review and the principal risks and uncertainties in the strategic report on page 2 of these financial statements.

**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.

The director of the company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

**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.

**REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**AUDITORS**

The auditors, Mountsides Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mr D G Healey - Director

24th December 2021

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED**

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### **Opinion**

We have audited the financial statements of Premier Mechanical Installations Limited (the 'company') for the year ended 31st December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 31st December 2020 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**

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

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

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

### **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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the 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.



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED**

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### **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.

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to, Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Reviewing the financial statements for compliance with the Companies Act 2006.
- Evaluating and challenging the reasonableness of accounting estimates.

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 Report of the Auditors.

### **OTHER MATTERS**

The financial statements of the company for the year ended 31 December 2019 were unaudited.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED**

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### **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.

Christopher Andrews ACA (Senior Statutory Auditor)  
for and on behalf of Mountsides Limited  
Chartered Accountants  
& Statutory Auditors  
2 Mountside  
Stanmore  
Middlesex  
HA7 2DT

24th December 2021

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £	2019 £
<b>TURNOVER</b>	4	<b>13,277,785</b>	16,290,745
Cost of sales		<u>(11,321,756)</u>	<u>(12,446,605)</u>
<b>GROSS PROFIT</b>		<b>1,956,029</b>	3,844,140
Administrative expenses		<u>(1,800,690)</u>	<u>(1,519,821)</u>
		<b>155,339</b>	2,324,319
Other operating income		<u>25,069</u>	500
<b>OPERATING PROFIT</b>	6	<b>180,408</b>	2,324,819
Interest receivable and similar income		<u>17,848</u>	37
		<b>198,256</b>	2,324,856
Interest payable and similar expenses	7	<u>(6,603)</u>	<u>(2,728)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>191,653</b>	2,322,128
Tax on profit	8	<u>(74,526)</u>	<u>(456,025)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>117,127</b>	1,866,103
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>117,127</b>	1,866,103

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31ST DECEMBER 2020

		2020	2019
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	743,747	352,231
<b>CURRENT ASSETS</b>			
Stocks	12	156,373	58,650
Debtors	13	4,938,539	5,500,413
Cash at bank		1,309,679	839,174
		<u>6,404,591</u>	<u>6,398,237</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(2,360,339)	(2,087,718)
<b>NET CURRENT ASSETS</b>		<u>4,044,252</u>	<u>4,310,519</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,787,999	4,662,750
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(33,369)	(56,476)
<b>PROVISIONS FOR LIABILITIES</b>	18	(536,008)	(456,279)
<b>NET ASSETS</b>		<u>4,218,622</u>	<u>4,149,995</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100	100
Retained earnings		4,218,522	4,149,895
<b>SHAREHOLDERS' FUNDS</b>		<u>4,218,622</u>	<u>4,149,995</u>

The financial statements were approved by the director and authorised for issue on 24th December 2021 and were signed by:

Mr D G Healey - Director

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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1st January 2019</b>	100	2,330,792	2,330,892
<b>Changes in equity</b>			
Dividends	-	(47,000)	(47,000)
Total comprehensive income	-	1,866,103	1,866,103
<b>Balance at 31st December 2019</b>	100	4,149,895	4,149,995
<b>Changes in equity</b>			
Dividends	-	(48,500)	(48,500)
Total comprehensive income	-	117,127	117,127
<b>Balance at 31st December 2020</b>	100	4,218,522	4,218,622

The notes form part of these financial statements

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

		<b>2020</b>	<b>2019</b>
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>1,866,654</b>	262,350
Interest paid		<b>(3,757)</b>	-
Interest element of hire purchase payments paid		<b>(2,846)</b>	(2,728)
Tax paid		<b>(659,397)</b>	(258,732)
Net cash from operating activities		<b><u>1,200,654</u></b>	<u>890</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(532,751)</b>	(141,901)
Sale of tangible fixed assets		<b>3,500</b>	1,400
Interest received		<b>17,848</b>	37
Net cash from investing activities		<b><u>(511,403)</u></b>	<u>(140,464)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	71,504
Capital repayments in year		<b>(26,024)</b>	(15,019)
Amount withdrawn by directors		<b>(144,222)</b>	(653,097)
Equity dividends paid		<b>(48,500)</b>	(47,000)
Net cash from financing activities		<b><u>(218,746)</u></b>	<u>(643,612)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b><u>470,505</u></b>	<u>(783,186)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>839,174</b>	1,622,360
<b>Cash and cash equivalents at end of year</b>	2	<b><u>1,309,679</u></b>	<u>839,174</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	191,653	2,322,128
Depreciation charges	138,829	127,413
Profit on disposal of fixed assets	(1,092)	(451)
Finance costs	6,603	2,728
Finance income	(17,848)	(37)
	<u>318,145</u>	<u>2,451,781</u>
Increase in stocks	(97,723)	(43,650)
Decrease/(increase) in trade and other debtors	758,171	(1,698,553)
Increase/(decrease) in trade and other creditors	<u>888,061</u>	<u>(447,228)</u>
<b>Cash generated from operations</b>	<b><u>1,866,654</u></b>	<b><u>262,350</u></b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31st December 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>1,309,679</u>	<u>839,174</u>

**Year ended 31st December 2019**

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>839,174</u>	<u>1,622,360</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
<b>Net cash</b>			
Cash at bank	<u>839,174</u>	<u>470,505</u>	<u>1,309,679</u>
	<u>839,174</u>	<u>470,505</u>	<u>1,309,679</u>
<b>Debt</b>			
Finance leases	<u>(73,694)</u>	<u>26,024</u>	<u>(47,670)</u>
	<u>(73,694)</u>	<u>26,024</u>	<u>(47,670)</u>
<b>Total</b>	<b><u>765,480</u></b>	<b><u>496,529</u></b>	<b><u>1,262,009</u></b>

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

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**1. STATUTORY INFORMATION**

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

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**BASIS OF PREPARING THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention.

**TURNOVER**

The turnover shown in the profit and loss account represents revenue recognised by the company in respect of goods and services supplied during the year. Turnover is measured at the fair value of the consideration received or receivable net of value added tax and trade discounts. Turnover has also been recognised in respect of on-going services with the value of services completed but unbilled at the balance sheet date being taken to turnover and the associated costs, where not invoiced at that date, being accrued for. The policies adopted for the recognition of turnover are as follows:

**Sale of goods**

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

**Rendering of services**

When the outcome of a transaction can be estimated reliably, turnover from rendering of services is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to actual cost spent to the total budgeted cost.

Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

**TANGIBLE FIXED ASSETS**

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

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- at variable rates on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost



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

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**3. ACCOUNTING POLICIES - continued**

**GOVERNMENT GRANTS**

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are treated as other income in the income statement.

**STOCKS**

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

**FINANCIAL INSTRUMENTS**

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

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 of assets are recognised in the profit and loss account in other administrative expenses.

**TAXATION**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

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3. ACCOUNTING POLICIES - continued

**HIRE PURCHASE AND LEASING COMMITMENTS**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line over the period of the lease.

**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.

**SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. These estimates, judgements and assumptions are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where judgements, estimates and assumptions have been made include:

**Debtors**

Management applies judgements in evaluating the recoverability of debtors. To the extent that the directors believe debtors not to be recoverable, they have been provided for in the financial statements.

**Stock**

Management applies judgements in evaluating stock for obsolete and slow moving items. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down as appropriate.

**Provisions**

Management applies judgements in evaluating the likelihood of certain liabilities, and makes provisions accordingly to the extent that such liabilities are likely to arise.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	4,815,055	7,469,584
Europe	8,462,730	8,821,161
	<u>13,277,785</u>	<u>16,290,745</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	311,398	235,856
Social security costs	19,039	18,266
Other pension costs	19,456	4,422
	<u>349,893</u>	<u>258,544</u>

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

	2020	2019
Administration and management	<u>12</u>	<u>11</u>

	2020	2019
	£	£
Director's remuneration	12,000	12,000
Director's pension contributions to money purchase schemes	<u>15,833</u>	<u>1,667</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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6. OPERATING PROFIT

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

	2020	2019
	£	£
Depreciation - owned assets	122,705	104,467
Depreciation - assets on hire purchase contracts	16,122	22,946
Profit on disposal of fixed assets	(1,092)	(451)
Auditors remuneration	12,000	-
Foreign exchange differences	<u>(33,278)</u>	<u>62,654</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest on Corporation Tax	3,757	-
Hire purchase	<u>2,846</u>	<u>2,728</u>
	<u>6,603</u>	<u>2,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	(5,203)	447,408
Deferred tax	79,729	8,617
Tax on profit	<u>74,526</u>	<u>456,025</u>

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

**RECONCILIATION OF TOTAL TAX CHARGE 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:

	2020 £	2019 £
Profit before tax	<u>191,653</u>	<u>2,322,128</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	36,414	441,204
Effects of:		
Expenses not deductible for tax purposes	<u>38,112</u>	<u>14,821</u>
Total tax charge	<u>74,526</u>	<u>456,025</u>

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1.00 each		
Interim	<u>48,500</u>	<u>47,000</u>

10. PENSION COSTS

The company operates a defined contribution pension scheme for some of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge in the profit and loss account represents contributions payable to the fund and amounted to £19,456 (2019: £4,422).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

## 11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1st January 2020	616,544	12,690	145,106	82,216	856,556
Additions	-	492,175	35,990	4,586	532,751
Disposals	-	-	(24,055)	(30,483)	(54,538)
At 31st December 2020	<u>616,544</u>	<u>504,865</u>	<u>157,041</u>	<u>56,319</u>	<u>1,334,769</u>
<b>DEPRECIATION</b>					
At 1st January 2020	366,491	10,244	74,612	52,978	504,325
Charge for year	62,513	31,523	26,019	18,772	138,827
Eliminated on disposal	-	-	(21,647)	(30,483)	(52,130)
At 31st December 2020	<u>429,004</u>	<u>41,767</u>	<u>78,984</u>	<u>41,267</u>	<u>591,022</u>
<b>NET BOOK VALUE</b>					
At 31st December 2020	<u>187,540</u>	<u>463,098</u>	<u>78,057</u>	<u>15,052</u>	<u>743,747</u>
At 31st December 2019	<u>250,053</u>	<u>2,446</u>	<u>70,494</u>	<u>29,238</u>	<u>352,231</u>

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

	Motor vehicles £
<b>COST</b>	
At 1st January 2020	96,801
Transfer to ownership	(24,726)
At 31st December 2020	<u>72,075</u>
<b>DEPRECIATION</b>	
At 1st January 2020	32,314
Charge for year	16,122
Transfer to ownership	(16,903)
At 31st December 2020	<u>31,533</u>
<b>NET BOOK VALUE</b>	
At 31st December 2020	<u>40,542</u>
At 31st December 2019	<u>64,487</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

12.	<b>STOCKS</b>		
		<b>2020</b>	<b>2019</b>
		£	£
	Stocks	<u>156,373</u>	<u>58,650</u>
13.	<b>DEBTORS</b>		
		<b>2020</b>	<b>2019</b>
		£	£
	Amounts falling due within one year:		
	Trade debtors	1,937,111	2,761,966
	Other debtors	125,262	25,216
	Directors' current accounts	796,492	652,270
	Corporation Tax recoverable	5,203	-
	VAT	568,797	305,181
	Prepayments	<u>221,302</u>	<u>229,529</u>
		<u>3,654,167</u>	<u>3,974,162</u>
	Amounts falling due after more than one year:		
	Trade debtors	556,258	383,277
	Other debtors	469,254	930,986
	Tax recoverable	<u>258,860</u>	<u>211,988</u>
		<u>1,284,372</u>	<u>1,526,251</u>
	Aggregate amounts	<u>4,938,539</u>	<u>5,500,413</u>
14.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
		<b>2020</b>	<b>2019</b>
		£	£
	Hire purchase contracts (see note 16)	14,301	17,218
	Trade creditors	1,966,761	920,854
	Corporation Tax	46,872	659,395
	Social security and other taxes	27,181	51,635
	Other creditors	143,561	44,908
	Accrued expenses	<u>161,663</u>	<u>393,708</u>
		<u>2,360,339</u>	<u>2,087,718</u>
15.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
		<b>2020</b>	<b>2019</b>
		£	£
	Hire purchase contracts (see note 16)	<u>33,369</u>	<u>56,476</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<b>14,301</b>	17,218
Between one and five years	<b>33,369</b>	56,476
	<b><u>47,670</u></b>	<b><u>73,694</u></b>
	<b>Non-cancellable operating leases</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	<b>545,850</b>	545,850
Between one and five years	<b>1,988,400</b>	2,085,900
In more than five years	<b>821,975</b>	1,270,325
	<b><u>3,356,225</u></b>	<b><u>3,902,075</u></b>

17. SECURED DEBTS

The following secured debts are included within creditors:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts	<b><u>47,670</u></b>	<b><u>73,694</u></b>

All liabilities under hire purchase contracts are secured on the assets to which the agreements relate. The company has also provided its assets as security for borrowing facilities provided by its principal banker.

18. PROVISIONS FOR LIABILITIES

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax	<b>120,008</b>	40,279
Provision for dilapidation	<b>416,000</b>	416,000
	<b><u>536,008</u></b>	<b><u>456,279</u></b>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1st January 2020	40,279
Charge to Statement of Comprehensive Income during year	79,729
Balance at 31st December 2020	<u>120,008</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1.00	<u>100</u>	<u>100</u>

20. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31st December 2020 and 31st December 2019:

	2020 £	2019 £
<b>Mr D G Healey</b>		
Balance outstanding at start of year	652,270	(826)
Amounts advanced	198,477	723,968
Amounts repaid	(54,255)	(70,872)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>796,492</u>	<u>652,270</u>

Interest is chargeable on director's advances at beneficial loan arrangements official rates.

21. RELATED PARTY DISCLOSURES

Included within other debtors are loans totalling £277,041 (2019:£155,000) made to related companies in which the director has an interest.

22. ULTIMATE CONTROLLING PARTY

The controlling party is Mr D G Healey.



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

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**23. COMPARATIVE FIGURES**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The items reclassified were turnover, cost of sales, long term creditors and provisions for liabilities.

The reclassifications have had no impact on the results for the comparative period, or on brought forward reserves.

**24. CORONAVIRUS**

In early 2020 the UK was hit by the full impact of the global Coronavirus Covid-19 pandemic, which in turn has had a severe effect on the entire UK economy. Full national lockdowns have been in place from March 2020 to June 2020, and subsequently in November 2020 and then from early January 2021 until March 2021.

The pandemic has had a serious effect on the company's UK operations and the company has strived to maintain revenues and profits by targeting its European markets, diversification and reducing costs. It benefitted from government and local authority support and, together with other resources available, has been able to continue to operate throughout the pandemic. It also incurred additional compliance costs to ensure all worksites and operations remained covid-secure.

Although July 2021 marked the end of substantially all Covid-19 related restrictions in the UK, macroeconomic conditions continue to be challenging. At the time of finalizing these financial statements, the UK government has in December 2021 announced a switch to Plan B of its Winter Covid-19 plan, which aims to keep the economic recovery on track, while ensuring some restrictions are in place to further protect the NHS in light of the emergence of the Omicron variant of Covid-19.

The director has reviewed the financial position of the company and considers that it has sufficiently strong reserves to continue to withstand the ongoing challenges presented by the pandemic.

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