

HI TECH FABRICATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR



HI TECH FABRICATION LIMITED

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HI TECH FABRICATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

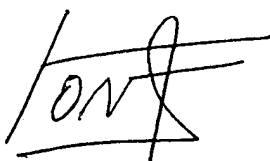
	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	5		98,322		151,264
Current assets					
Stocks		1,314,242		1,004,566	
Debtors	6	2,489,305		1,137,049	
Cash at bank and in hand		253,640		148,374	
		<u>4,057,187</u>		<u>2,289,989</u>	
Creditors: amounts falling due within one year	7	<u>(2,279,134)</u>		<u>(1,786,345)</u>	
Net current assets			<u>1,778,053</u>		<u>503,644</u>
Total assets less current liabilities			<u>1,876,375</u>		<u>654,908</u>
Creditors: amounts falling due after more than one year	8		<u>(1,351,818)</u>		<u>(624,987)</u>
Net assets			<u><u>524,557</u></u>		<u><u>29,921</u></u>
Capital and reserves					
Called up share capital			2,579,221		2,579,221
Profit and loss reserves			<u>(2,054,664)</u>		<u>(2,549,300)</u>
Total equity			<u><u>524,557</u></u>		<u><u>29,921</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 10 September 2020 and are signed on its behalf by:

F Pons
Director



Company Registration No. 05554410

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Hi Tech Fabrication Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bretby Business Park, Ashby Road, Burton-On-Trent, Staffordshire, DE15 0YZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The Company has made an operating profit before exceptional items during the year under review of £648,957 (2018: Loss of £1,878,170) and has net assets of £524,557 (2018: £29,921).

The markets in which the Company and wider group operates have been adversely affected by the impact of COVID -19. The directors anticipate that the challenging trading environment will continue for the foreseeable future and anticipate that the business will incur losses in 2020. The directors have given careful thought as to their best estimate of the ongoing and future impact of the COVID 19 virus upon levels of wider economic activity and on the specific markets in which the wider group operates and have restructured the business accordingly.

The Directors have prepared profit and cashflow projections covering the period to 31 December 2020 and high level budgets for 2021, taking account of recent trading performance, the current and anticipated level of the order book and the impact of the restructuring program. The projections indicate that the company is expected to operate within its existing working capital facilities, based upon the directors' estimate of when activity levels will recover.

The group has access to an invoice discounting facility and also receives ongoing support from its parent, Manoir Industries SAS, made available through intra group trading and loan accounts. The Company has not taken advantage of funding available under the UK Government's Coronavirus Business Interruption Loan Scheme.

The financial projections depend on subjective judgments and assumptions and they are, according to the nature of the business and the period covered, subject to inherent uncertainty, in particular the value of turnover secured, gross profit margin achieved and assumptions over foreign exchange rates. By the nature of their operations the Company will continue to be exposed to foreign exchange gains and losses to the extent to which the Company is unable to take out the appropriate hedging mechanisms; the directors are also mindful of the impact on exchange rates as a consequence of the decision by the UK to leave the EU and the forthcoming end of the Transition Period scheduled to take place on 31 December 2020.

On 18th June 2020 CAM-SPC Fund became the ultimate sole shareholder in the Group and is underway with introducing additional financing in order to support and develop the Group. On the 8th August 2020, the French Government loaned the Manoir Group €15 million in order to provide additional working capital until such time as the additional funding from CAM-SPC is in place. The maturity date for this loan is 30 June 2021.

Manoir Group has confirmed that it will provide financial support to the Company's immediate parent undertaking, Manoir Industries SAS and all of its subsidiaries, and will continue to provide ongoing financial support to the Company for the foreseeable future and that it has adequate resources available to do this.

Taking these factors into account the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

The company recognises turnover from long term contracts upon full contract completion and delivery of products.

1.4 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software and development costs	33% straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	7-33% straight line
Fixtures and fittings	33% straight line
Computer and office equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Work in progress is valued based on the contracts ongoing at the balance sheet date and is the lower of cost and the net realisable value. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Exceptional items

Exceptional items are disclosed separately to provide further understanding of the financial performance of the company.

2 Other operating income, charges and exceptional items

	2019 £	2018 £
Management charges	198,714	214,787
Exceptional redundancy costs	(140,401)	93,048
	<u>58,313</u>	<u>307,835</u>

Exceptional redundancy costs were incurred during the prior year as a result of restructuring by the parent company. These costs were reimbursed by insurers during the current year resulting in a credit back to the profit and loss account.

Intercompany loan write off	-	(2,388,692)
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In the prior year, the company received a deed of release amounting to £2,388,692 from the company's parent company Manoir Industries SAS.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Total	<u>67</u>	<u>67</u>

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Intangible fixed assets

	Software and development costs £
Cost	
At 1 January 2019 and 31 December 2019	85,454
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	85,454
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2019	1,721,682
Additions	78,471
At 31 December 2019	1,800,153
Depreciation and impairment	
At 1 January 2019	1,570,418
Depreciation charged in the year	131,413
At 31 December 2019	1,701,831
Carrying amount	
At 31 December 2019	98,322
At 31 December 2018	151,264

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,678,091	280,936
Amounts owed by group undertakings	225,273	230,411
Other debtors	500,080	328,339
	<u>2,403,444</u>	<u>839,686</u>
Amounts falling due after more than one year:		
Trade debtors	85,861	297,363
	<u>85,861</u>	<u>297,363</u>
Total debtors	<u>2,489,305</u>	<u>1,137,049</u>

Amounts due after one year relate to retentions on long term contracts.

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	508,682	403,745
Amounts owed to group undertakings	840,281	733,171
Taxation and social security	91,390	61,591
Other creditors	838,781	587,838
	<u>2,279,134</u>	<u>1,786,345</u>

Net obligations under hire purchase contracts totalling £23,958 are secured against the assets to which they relate.

8 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	1,334,342	597,461
Other creditors	17,476	27,526
	<u>1,351,818</u>	<u>624,987</u>

Net obligations under hire purchase contracts are secured against the assets to which they relate.

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Profit and loss reserves

The profit and loss account represents accumulated trading profit, less equity dividends paid.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Conclusions relating to going concern

We draw attention to note 1.2 in the financial statements regarding the going concern status of the Company. In view of the significance of this note, we consider that it should be brought to your attention but our report is not modified in this respect.

The senior statutory auditor was David Clift.

The auditor was Azets Audit Services.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019	2018
£	£
9,520,580	9,441,558

At the prior year balance sheet date several leases had been extended and therefore the comparative figures have been restated to reflect this additional commitment.

12 Events after the reporting date

Since the year end, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The Company has been able to continue to operate but at a much reduced level throughout this period of disruption, utilising Government measures and following Government advice to contain the spread of the virus, including travel bans, quarantines, and social distancing.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

The directors do not feel that there has been any detrimental material financial effect as a result of the measures being taken in response to the outbreak, although they continue to assess the effect on the company given the uncertainties surrounding the longevity of the pandemic.

13 Related party transactions

HI TECH FABRICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Related party transactions

(Continued)

In preparing these financial statements, advantage has been taken under the provision of Section 33 of FRS 102 which states that disclosure is not required of transactions with entities that are part of the group, as the company is a wholly owned subsidiary.

14 Parent company

The Company's immediate parent undertaking is Manoir Industries SAS, incorporated in France. The ultimate parent undertaking was Yantai Taihai Group Company Limited, incorporated in China. After French Government approval on 18 June 2020, CAM-SPC Fund became the official 100% owner of Yantai Taihai Group (HK) Ltd., Manoir Group Parent Company. The ultimate controlling party is Xiao Yanming.

The consolidated financial statements of Manoir Group SAS, the parent of Manoir Industries SAS, within which this company is included, can be obtained from 37 Rue de Liege, Paris, 75008, France.