

**REGISTERED NUMBER: 06353159 (England and Wales)**

**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 28 February 2021  
for  
Royston Power Generation Limited**



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for the Year Ended 28 February 2021**

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**Royston Power Generation Limited**

**Company Information  
for the Year Ended 28 February 2021**

**DIRECTORS:**

L J Brown  
S Wade  
N S Graham  
G R Denholm

**SECRETARY:**

G R Denholm

**REGISTERED OFFICE:**

Unit 3  
Walker Riverside  
Wincomblee Road  
NEWCASTLE UPON TYNE  
Tyne and Wear  
NE6 3PF

**REGISTERED NUMBER:**

06353159 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Kevin Shotton BA BFP FCA

**AUDITORS:**

Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

**Group Strategic Report  
for the Year Ended 28 February 2021**

The directors present their strategic report of the company and the group for the year ended 28 February 2021.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The group's principal activity is the sale, service and repair of diesel generators, engines and associated components.

The group was impacted by the COVID-19 pandemic in the financial year and suffered a decline in trade. This has resulted in an overall loss for the group. The company's cash and net assets position remain healthy.

The group's financial performance indicators during the year were as follows:

	2021	2020	% Change
	£	£	
Turnover	11,255,414	22,837,494	(50.7%)
Gross profit per employee	38,316	76,839	(50.1%)
Working capital as % of Gross Margin	6.9%	1.6%	(5.3%)

**FUTURE DEVELOPMENTS**

The directors anticipate that the COVID-19 pandemic will have an impact on the results of the group in the financial year 2022. Activity levels are expected to return to normal during the second half of the financial year. The directors believe the business will remain profitable, albeit at a reduced level, and has the cash reserves to weather the downturn. Consequently, the directors believe that the group is well placed to achieve growth and increased profitability in future years.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The group operates in a competitive market. There are risks in tendering which the company feels are met positively by the cost effective service which it operates, and the quality of this service. Additionally, it is focused on strong value added business relationships with its customers and suppliers.

The group's principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the group's operating activities.

The main risks associated with the group's financial assets and liabilities are set out below.

**Interest rate risk**

The interest rates on the group's bank facilities are fixed annually. The interest rate on finance leases entered into is fixed for the term of the agreement at the time it is entered into. The group's interest income and expenses can therefore be affected by movements in interest rates. The group does not undertake any hedging activity.

**Credit risk**

The group has external debtors; however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default. The group also has credit insurance in place to reduce its exposure to unexpected defaults.

**Liquidity risk**

The group aims to mitigate liquidity risk by managing cash generated by its operations.

**ON BEHALF OF THE BOARD:**



G R Denholm - Director

24 June 2021

**Report of the Directors  
for the Year Ended 28 February 2021**

The directors present their report with the financial statements of the company and the group for the year ended 28 February 2021.

**DIVIDENDS**

No dividends will be distributed for the year ended 28 February 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 March 2020 to the date of this report.

L J Brown  
S Wade  
N S Graham  
G R Denholm

**DIRECTORS' THIRD PARTY INDEMNITIES**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were renewed during the year and remain in force at the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



G R Denholm - Director

24 June 2021

## **Report of the Independent Auditors to the Members of Royston Power Generation Limited**

### **Opinion**

We have audited the financial statements of Royston Power Generation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 28 February 2021 and of the group's loss 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 group 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 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 group's and the parent 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 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 in the Group Strategic Report and the Report of the Directors, 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of  
Royston Power Generation Limited**

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

In the light of the 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 Group Strategic Report or the Report of the Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**Report of the Independent Auditors to the Members of  
Royston Power Generation Limited**

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

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

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:

- We have planned and performed the audit in accordance with auditing standards, however there always remains unavoidable risk that material misstatement may remain due to the inherent limitations of testing.
- The risk of not detecting instances of fraud is higher than that of not detecting errors, due to the fact fraud could involve concealment, collusion, misrepresentation or override of internal controls.
- The work undertaken during the audit reduces the risk of irregularities, including fraud, to an acceptable level. We are not responsible for preventing non-compliance and cannot be expected to detect all instances of non-compliance.

The procedures we have undertaken to identify any such instances of fraud or irregularities include:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We have reviewed accounting records for indications of non-compliance and held discussions with the client on the subject. We determined the most significant laws and regulations relating to the company to be those concerning Employment law, Company law, GDPR and laws relating to Health & Safety and Product safety.
- Enquiry of directors and management as to policies and procedures in place to ensure compliance.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are monitored and managed.
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. There are no key estimates relating to the company. Key estimates concerning the group were identified as stock provision, warranty provision and bad debt provision.
- Review of journals to identify any unusual entries outside the normal course of business.

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.

**Use of our report**

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



Kevin Shotton BA BFP FCA (Senior Statutory Auditor)  
for and on behalf of Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 28/6/21



**Royston Power Generation Limited (Registered number: 06353159)**

**Consolidated Profit and Loss Account  
for the Year Ended 28 February 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	11,255,414	22,837,494
Cost of sales		<u>(8,151,834)</u>	<u>(16,306,206)</u>
<b>GROSS PROFIT</b>		3,103,580	6,531,288
Administrative expenses		<u>(3,950,097)</u>	<u>(5,204,797)</u>
		(846,517)	1,326,491
Other operating income		<u>623,025</u>	<u>37,764</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	(223,492)	1,364,255
Interest payable and similar expenses	6	<u>(2,689)</u>	<u>(25,547)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(226,181)	1,338,708
Tax on (loss)/profit	7	<u>19,714</u>	<u>(85,162)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(206,467)</u>	<u>1,253,546</u>
(Loss)/profit attributable to: Owners of the parent		<u>(206,467)</u>	<u>1,253,546</u>

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Consolidated Other Comprehensive Income  
for the Year Ended 28 February 2021**

Notes	2021 £	2020 £
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(206,467)</b>	<b>1,253,546</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(206,467)</b>	<b>1,253,546</b>
Total comprehensive income attributable to: Owners of the parent	<b>(206,467)</b>	<b>1,253,546</b>

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Consolidated Balance Sheet  
28 February 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	10	407,348	425,132
Tangible assets	11	763,467	832,797
Investments	12	-	-
		<u>1,170,815</u>	<u>1,257,929</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,079,159	1,214,411
Debtors	14	1,591,069	2,823,998
Cash at bank		2,565,719	3,077,259
		<u>5,235,947</u>	<u>7,115,668</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>2,184,983</u>	<u>3,958,968</u>
<b>NET CURRENT ASSETS</b>		<u>3,050,964</u>	<u>3,156,700</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,221,779</u>	<u>4,414,629</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	-	(1,606)
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(81,688)</u>	<u>(74,304)</u>
<b>NET ASSETS</b>		<u><u>4,140,091</u></u>	<u><u>4,338,719</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	244,828	244,828
Retained earnings		3,895,263	4,093,891
<b>SHAREHOLDERS' FUNDS</b>		<u><u>4,140,091</u></u>	<u><u>4,338,719</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:



G R Denholm - Director

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Company Balance Sheet  
28 February 2021**

	Notes	2021	2020
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	-	-
Tangible assets	11	-	-
Investments	12	1,447,232	1,447,232
		<u>1,447,232</u>	<u>1,447,232</u>
<b>CURRENT ASSETS</b>			
Debtors	14	6,328	4,618
Cash at bank		15,693	1
		<u>22,021</u>	<u>4,619</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	847,935	806,738
		<u>847,935</u>	<u>806,738</u>
<b>NET CURRENT LIABILITIES</b>		<u>(825,914)</u>	<u>(802,119)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>621,318</u>	<u>645,113</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	244,828	244,828
Retained earnings		376,490	400,285
		<u>621,318</u>	<u>645,113</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>621,318</u>	<u>645,113</u>
 Company's (loss)/profit for the financial year		 <u>(23,795)</u>	 <u>93,031</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:



G R Denholm - Director

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Consolidated Statement of Changes in Equity  
for the Year Ended 28 February 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 March 2019</b>	244,828	2,906,363	3,151,191
<b>Changes in equity</b>			
Dividends	-	(53,777)	(53,777)
Total comprehensive income	-	1,253,546	1,253,546
Foreign currency translation	-	(12,241)	(12,241)
	<hr/>	<hr/>	<hr/>
<b>Balance at 29 February 2020</b>	244,828	4,093,891	4,338,719
	<hr/>	<hr/>	<hr/>
<b>Changes in equity</b>			
Total comprehensive income	-	(206,467)	(206,467)
Foreign currency translation	-	7,839	7,839
	<hr/>	<hr/>	<hr/>
<b>Balance at 28 February 2021</b>	244,828	3,895,263	4,140,091
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Company Statement of Changes in Equity  
for the Year Ended 28 February 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 March 2019</b>	244,828	361,031	605,859
<b>Changes in equity</b>			
Dividends	-	(53,777)	(53,777)
Total comprehensive income	-	93,031	93,031
<b>Balance at 29 February 2020</b>	<u>244,828</u>	<u>400,285</u>	<u>645,113</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(23,795)	(23,795)
<b>Balance at 28 February 2021</b>	<u><u>244,828</u></u>	<u><u>376,490</u></u>	<u><u>621,318</u></u>

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Consolidated Cash Flow Statement  
for the Year Ended 28 February 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(229,824)	1,957,194
Interest paid		(2,689)	(25,547)
Tax paid		(82,179)	(249,162)
Net cash from operating activities		<u>(314,692)</u>	<u>1,682,485</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(104,324)	(272,586)
Purchase of tangible fixed assets		(70,462)	(239,324)
Interest received		5,038	24,233
Loss on joint venture		-	(3,978)
Net cash from investing activities		<u>(169,748)</u>	<u>(491,655)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(27,100)	(39,635)
Equity dividends paid		-	(53,777)
Net cash from financing activities		<u>(27,100)</u>	<u>(93,412)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(511,540)</u>	<u>1,097,418</u>
<b>Cash and cash equivalents at beginning of year</b>	2	3,077,259	1,979,841
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,565,719</u></u>	<u><u>3,077,259</u></u>

The notes form part of these financial statements

**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 28 February 2021**

**1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
(Loss)/profit before taxation	(226,181)	1,338,708
Depreciation charges	259,284	254,509
Loss on disposal of fixed assets	4,666	526
Foreign exchange	5,789	(10,666)
Interest received	(5,038)	(24,233)
Loss on joint venture	-	3,978
Disposal of joint venture	-	(52,075)
Government grants	(26,832)	(92,920)
Finance costs	2,689	25,547
	<u>14,377</u>	<u>1,443,374</u>
Decrease in stocks	135,252	312,665
Decrease in trade and other debtors	1,320,538	613,217
Decrease in trade and other creditors	<u>(1,699,991)</u>	<u>(412,062)</u>
<b>Cash generated from operations</b>	<u><u>(229,824)</u></u>	<u><u>1,957,194</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 28 February 2021**

	28.2.21	1.3.20
	£	£
Cash and cash equivalents	<u>2,565,719</u>	<u>3,077,259</u>

**Year ended 29 February 2020**

	29.2.20	1.3.19
	£	£
Cash and cash equivalents	<u>3,077,259</u>	<u>1,979,841</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.3.20	Cash flow	At 28.2.21
	£	£	£
<b>Net cash</b>			
Cash at bank	3,077,259	(511,540)	2,565,719
	<u>3,077,259</u>	<u>(511,540)</u>	<u>2,565,719</u>
<b>Debt</b>			
Finance leases	(28,706)	27,100	(1,606)
	<u>(28,706)</u>	<u>27,100</u>	<u>(1,606)</u>
<b>Total</b>	<u><u>3,048,553</u></u>	<u><u>(484,440)</u></u>	<u><u>2,564,113</u></u>

The notes form part of these financial statements



**Notes to the Consolidated Financial Statements  
for the Year Ended 28 February 2021**

**1. STATUTORY INFORMATION**

Royston Power Generation 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 General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

**Going concern**

Due to the on going COVID-19 pandemic the directors have prepared detailed cashflow, profit and loss and balance sheet forecasts for the up coming financial year which have been prudently prepared envisaging a reduction in sales for the period. The forecasts assume a reduction in overheads base to reflect reduced trading activity along with claims made through the governments furlough scheme. These forecasts show the group is able to meet debts as they fall due from existing cash reserves.

The financial statements are prepared on the going concern basis which assumes that the group will continue to trade. If the group is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to analyse long term liabilities as current liabilities.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenue and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on the financial statements:

Stock provision

The group holds a significant amount of stock to satisfy customer demands. A provision is calculated for obsolete stock based on projected future usage.

Warranty provision

The group makes a provision in respect of warranties based upon historical levels.

Impairment of fixed asset investments

The group has investments in a number of subsidiary companies and a joint venture. These investments are held at cost less any provision for impairment. Management considered it prudent to provide an impairment in full against the joint venture in 2018.

The directors have assessed the carrying value of investments in light of the COVID-19 pandemic and have concluded based on anticipated future trading that there is no further impairment of any investments.

Bad debt provision

As a result of COVID-19 uncertainty, the directors have made a general provision to reflect the expected change in customers circumstances. This provision is in addition to any specific provisions against debts deemed irrecoverable.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

2. ACCOUNTING POLICIES - continued

**Significant judgements and estimates (continued)**

Share options

Estimating fair value for share option transactions requires determination of the most appropriate binomial model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected vesting period of the share options, the likelihood of a transaction in the shares of the parent company and employees remaining in employment and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The cost is not considered material to the financial statements at the year end. Further details are provided in note 24.

**Turnover**

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

**Income recognition**

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the goods have been despatched.

Turnover from the rendering of services is recognised when the outcome of a transaction can be estimated reliably and by reference to the stage of completion at the balance sheet date. Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2008, is being amortised evenly over its estimated useful life of ten years.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life, which is 10 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The carrying values of goodwill are reviewed in periods if events or changes in circumstances indicate the carrying values may not be recoverable. Having performed impairment reviews for certain businesses within the group, the directors are satisfied that no impairment of goodwill has occurred.

**Intangible assets**

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

Development costs are being amortised at 25% on a reducing balance basis.

**Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

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

Short leasehold	- over remaining period of lease
Fixtures & fittings, plant and machinery and motor vehicles	- 15 - 32% on reducing balance and 10 - 25% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Raw materials purchase cost is determined on a first-in, first-out basis. Work in progress is valued at the cost of direct materials and labour. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Basic financial instruments are recognised at amortised cost with changes recognised in profit or loss.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, 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 balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 balance sheet 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.

**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 or finance lease are depreciated over their estimated useful lives.

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 profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

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

**Trade debtor financing arrangements**

Trade debtor financing arrangements with full recourse are accounted for in accordance with separate presentation requirements.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

2. ACCOUNTING POLICIES - continued

**Share options**

Employees (including Directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Binomial model.

That cost would be recognised as Directors remuneration, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

The cost is not considered material to the financial statements at the year end.

3. TURNOVER

The turnover and loss (2020 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	6,044,618	8,192,419
Rest of Europe	549,731	1,603,907
Africa, Asia and Middle East	3,551,658	10,826,260
Americas	100,538	560,068
Australia	1,008,869	1,654,840
	<u>11,255,414</u>	<u>22,837,494</u>

**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**4. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	3,836,250	4,992,408
Social security	366,391	350,079
Pension costs	80,190	140,985
	<u>4,282,831</u>	<u>5,483,472</u>

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

	2021	2020
Production staff	44	47
Sales and administration	37	38
	<u>81</u>	<u>85</u>

	2021	2020
	£	£
Directors' remuneration	352,574	593,331
Pension costs	9,258	10,874
	<u>361,832</u>	<u>604,205</u>

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

	2021	2020
Money purchase schemes	4	4

Two directors were entitled to receive shares under long term incentive schemes (2020: 2)

The highest paid director was paid £117,526 (2020: £180,257)

**5. OPERATING (LOSS)/PROFIT**

The operating profit is stated after charging:

	2021	2020
	£	£
Operating lease rentals - plant and machinery	137,805	124,791
Operating lease rentals - land and buildings	102,865	102,777
Depreciation of owned fixed assets	122,233	141,897
Depreciation of leased assets	14,943	15,598
(Profit)/Loss on disposal of fixed assets	4,666	(526)
Auditors remuneration - audit services	17,495	19,150
Auditors remuneration - other non audit services	1,856	3,725

**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank interest	97	-
Hire purchase interest	1,060	3,238
Other interest	1,532	22,309
	<u>2,689</u>	<u>25,547</u>

**7. TAXATION**

**Analysis of the tax (credit)/charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	(78,159)	139,305
Over provision in prior year	51,061	-
Overseas taxation	-	17,448
Total current tax	<u>(27,098)</u>	<u>156,753</u>
Deferred tax	7,384	(71,591)
Tax on (loss)/profit	<u>(19,714)</u>	<u>85,162</u>

**Reconciliation of total tax (credit)/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:

	2021	2020
	£	£
(Loss)/profit before tax	<u>(226,181)</u>	<u>1,338,708</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(42,974)	254,355
Effects of:		
Expenses not deductible for tax purposes	(6,122)	50,046
Capital allowances in excess of depreciation	-	(73,015)
Depreciation in excess of capital allowances	31,793	-
Adjustments to tax charge in respect of previous periods	51,061	-
Overseas tax adjustments	19,524	(4,086)
Research and development	(72,962)	(139,044)
Impact of overseas taxes	(34)	6,800
Disposal of joint venture	-	(9,894)
Total tax (credit)/charge	<u>(19,714)</u>	<u>85,162</u>

**8. INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Profit and loss account of the parent company is not presented as part of these financial statements.

The loss on ordinary activities after taxation dealt with in the financial statements of the parent undertaking was (£23,795) (2020: £93,031 profit).

**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**9. DIVIDENDS**

	2021	2020
	£	£
Interim	-	53,777
	<u>          </u>	<u>          </u>

**10. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill	Development	Totals
	£	costs	£
	£	£	£
<b>COST</b>			
At 1 March 2020	294,407	555,377	849,784
Additions	-	104,324	104,324
	<u>          </u>	<u>          </u>	<u>          </u>
At 28 February 2021	294,407	659,701	954,108
	<u>          </u>	<u>          </u>	<u>          </u>
<b>AMORTISATION</b>			
At 1 March 2020	294,407	130,245	424,652
Amortisation for year	-	122,108	122,108
	<u>          </u>	<u>          </u>	<u>          </u>
At 28 February 2021	294,407	252,353	546,760
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>			
At 28 February 2021	-	407,348	407,348
	<u>          </u>	<u>          </u>	<u>          </u>
At 29 February 2020	-	425,132	425,132
	<u>          </u>	<u>          </u>	<u>          </u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

11. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Plant & machinery, fixtures & fittings and motor vehicles £	Totals £
<b>COST</b>			
At 1 March 2020	394,154	2,397,401	2,791,555
Additions	-	70,462	70,462
Disposals	(27,817)	(64,058)	(91,875)
Exchange differences	2,499	5,248	7,747
At 28 February 2021	368,836	2,409,053	2,777,889
<b>DEPRECIATION</b>			
At 1 March 2020	220,674	1,738,084	1,958,758
Charge for year	26,399	110,777	137,176
Eliminated on disposal	(27,817)	(59,392)	(87,209)
Exchange differences	15,508	(9,811)	5,697
At 28 February 2021	234,764	1,779,658	2,014,422
<b>NET BOOK VALUE</b>			
At 28 February 2021	134,072	629,395	763,467
At 29 February 2020	173,480	659,317	832,797

Included in plant and equipment are assets under hire purchase contracts with a net book value of £95,708 (2020: £110,652).

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
<b>COST</b>	
At 1 March 2020 and 28 February 2021	1,480,167
<b>PROVISIONS</b>	
At 1 March 2020 and 28 February 2021	32,935
<b>NET BOOK VALUE</b>	
At 28 February 2021	1,447,232
At 29 February 2020	1,447,232



**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**12. FIXED ASSET INVESTMENTS - continued**

	<b>Nature of business</b>	<b>Country of residence</b>	<b>Shares held Class</b>	<b>Shares held Percentage</b>
Royston Limited	Sale and servicing of diesel engines	England and Wales	Ordinary	100%
Royston Engineering Group Limited	Dormant	England and Wales	Ordinary, preference and cumulative preference	100%
Royston (Australia) PTY Limited	Servicing of diesel engines	Australia	Ordinary	100%
BCL Royston Limited	Dormant	Nigeria	Ordinary	47.5%
Royston West Africa Limited	Servicing of diesel engines	Nigeria	Ordinary	100%
Royston APAC PTE Ltd	Servicing of diesel engines	Republic of Singapore	Ordinary	100%

In addition to the above, the company's subsidiary undertaking, Royston Limited, owns 100% of the share capital in Royston Marine Engineering Limited, Royston Marine Sales Limited, Royston Marine Limited and Shipaid Diesel Services Limited, all dormant companies registered in England and Wales.

**13. STOCKS**

	<b>Group</b>	
	2021 £	2020 £
Raw materials	739,774	794,579
Work-in-progress	339,385	419,832
	<u>1,079,159</u>	<u>1,214,411</u>

**14. DEBTORS**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,209,055	2,213,245	-	-
Other debtors	205,787	297,631	1,710	-
Deferred tax asset	-	-	790	790
Prepayments and accrued income	176,227	313,122	-	-
	<u>1,591,069</u>	<u>2,823,998</u>	<u>2,500</u>	<u>790</u>

**Royston Power Generation Limited (Registered number: 06353159)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021**

**14. DEBTORS - continued**

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,828	3,828
	<u>-</u>	<u>-</u>	<u>3,828</u>	<u>3,828</u>
Aggregate amounts	<u>1,591,069</u>	<u>2,823,998</u>	<u>6,328</u>	<u>4,618</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£	£	£	£
Hire purchase contracts (see note 17)	1,606	27,100	-	-
Trade creditors	1,065,284	2,355,841	33	-
Amounts owed to group undertakings	-	-	535,799	486,500
Corporation tax	9,450	31,118	9,450	33,974
Other creditors	157,330	158,922	15,298	17,524
Accruals and deferred income	951,313	1,385,987	287,355	268,740
	<u>2,184,983</u>	<u>3,958,968</u>	<u>847,935</u>	<u>806,738</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	
	2021	2020
	£	£
Hire purchase contracts (see note 17)	-	1,606
	<u>-</u>	<u>1,606</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Hire purchase contracts</b>	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	1,606	27,100
Between one and five years	-	1,606
	<u>1,606</u>	<u>28,706</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

17. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	201,865	202,230
Between one and five years	589,145	484,578
In more than five years	267,650	202,950
	<u>1,058,660</u>	<u>889,758</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2021	2020
	£	£
Hire purchase	<u>1,606</u>	<u>28,706</u>

Hire purchase is secured on the assets in which it relates.

19. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Deferred tax	<u>81,688</u>	<u>74,304</u>

Group

	Deferred tax
	£
Balance at 1 March 2020	74,304
Accelerated capital allowances	<u>7,384</u>
Balance at 28 February 2021	<u>81,688</u>

Company

	Deferred tax
	£
Balance at 1 March 2020	<u>(790)</u>
Balance at 28 February 2021	<u>(790)</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
244,828	Ordinary	£1	<u>244,828</u>	<u>244,828</u>

21. CAPITAL COMMITMENTS

	2021	2020
	£	£
Contracted but not provided for in the financial statements	<u>130,638</u>	<u>96,363</u>

22. RELATED PARTY DISCLOSURES

During the year key management personnel remuneration was £392,582 (2020: £617,601).

Entities over which the entity has control, joint control or significant influence

	2021	2020
	£	£
Turnover	-	-
Cost of sales	-	18,936
Amounts owed by joint venture	-	-
Provisions relating to outstanding balances	-	-
Profit/(loss) in joint venture	-	(3,798)
Disposal of joint venture	-	52,075

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

23. ULTIMATE CONTROLLING PARTY

The directors consider L J Brown to be the ultimate controlling party by virtue of his majority shareholding.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 28 February 2021

24. **SHARE OPTIONS**

Share options were issued to 3 employees during the prior period. These options are only exercisable on a sale of the business or any other transactions on changes in ownership. In addition, employees must have remained in employment or been made redundant / retired 12 months prior to the transaction date. The options will expire on the 10th anniversary of the grant date. Share options are to be settled through equity. There is no cash-based alternative.

One employee left the business in the year and therefore his options have lapsed and will not vest.

The charge is not considered material to the financial statements.

There were no cancellations or modifications to the awards in 2021.

**Movements during the year**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2021 Number:	2021 WAEP £	2020 Number:	2020 WAEP £
Balance at 1 March 2019	33,384	9.70	-	-
Granted during the period	-	-	33,384	9.70
Forfeited during the period	(11,128)	-	-	-
Exercise during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at 29 February 2020	<u>22,256</u>	<u>9.70</u>	<u>33,384</u>	<u>9.70</u>
Exercisable at 29 February 2020	-	-	-	-

Binomial model attributes a fair value to the option itself rather than to the services received.