

REGISTERED NUMBER: 08949564 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
HORSTMAN HOLDINGS LIMITED**

FRIDAY



AA7W053L

A22

02/07/2021

#235

COMPANIES HOUSE

HORSTMAN HOLDINGS LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

HORSTMAN HOLDINGS LIMITED

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

DIRECTORS:

M Masur
I Pain

SECRETARY:

Oakwood Corporate Secretary Limited

REGISTERED OFFICE:

Locksbrook Road
Bath
Avon
BA1 3EX

REGISTERED NUMBER:

08949564 (England and Wales)

AUDITORS:

Haines Watts, Statutory Auditor
Chartered Accountants
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

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

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

PRINCIPAL ACTIVITY

The company's principal activity is to hold investments in subsidiaries. The principal activities of the subsidiaries are the design, manufacture, refurbishment and sale of suspension systems, gearboxes, auxiliary power units and components, high precision maritime built to print parts and naval instrumentation equipment.

REVIEW OF BUSINESS

The company's profit for the year before tax amounted to £2,611,000 (Period ended 31 December 2019: loss of £699,000).

KEY PERFORMANCE INDICATORS

The Companies activities are that of a holding company. For this reason, the Company's directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the Company. While the performance of the operating companies is not included in these financial statements, which are not consolidated, in overview all three businesses performed in line with the Director's expectations for the year, with growth in turnover and profitable trading results consolidated into the financial statements of RENK.

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

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company acts as a holding company its principal risk relates to the carrying value of its investments in subsidiaries, which is directly impacted by the performance of the subsidiaries.

Covid-19

The company's trading subsidiaries have been impacted minimally by the Covid-19 pandemic due a combination of agile working practices and the strategic importance of the defence industrial base being prioritised by the UK, US and allied governments. As summarised in more detail in the Annual Report of the company's principal subsidiary Horstman Defence Systems Limited, which does not form part of this report, the immediate impact of Covid-19 has been positive in terms of trading volume and forward orderbook. However, the longer term impacts are difficult to predict and therefore this represents a key risk to the future performance, and hence valuation of the company's subsidiaries.

Financial risks

The company's principal financial instruments comprise intercompany loan balances to and from subsidiaries. The principal risks associated with these assets and liabilities are set out below:

Interest rate risk

Intercompany loan balances general incur interest at rates linked to LIBOR. The company is therefore exposed to movements in interest rates.

Credit risk

The company is exposed to credit risk through the ability of its subsidiaries to repay intercompany loans. This is linked to the performance of the subsidiaries as discussed above.

Liquidity risk

The company is exposed to liquidity risk on its intercompany loans payable. However, these are long term in nature and as part of the RENK group, the company benefits from the financial strength of RENK.

Foreign currency risk

The company has some exposure to exchange rates as certain intercompany balances are denoted in US and Canadian dollars.

The company's directors and senior management regularly review these risks and their potential impact on the group and take mitigating action as necessary.

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


SECTION 172(1) STATEMENT

The directors are committed to their responsibilities to promote the success of the Company in accordance with Section 172 of the Act. Our intention is to behave responsibly and ensure that management operate the business in an appropriate manner, operating within the high standards of business conduct and good governance expected of us.

The Company is an intermediate holding company within RENK group and therefore there are relatively few decisions taken by the directors of the Company during the year. Strategic decisions impacting the wider group are taken by RENK board and operational matters impacting wider stakeholder groups, including employees, customers, suppliers and the local communities are typically taken by the directors of the trading companies within the Group.

However, notwithstanding the above, each director of the Company has taken steps to act in the way the consider, in good faith, would be most likely to promote the success of the Company for the benefit of members as a whole. The key decisions made by the directors have been to; consider whether the carrying value of investments continues to be supportable; approve the issuance or repayment of intercompany loans; and to consider, and if appropriate approve, the subsidiary companies, the forecast future cash flow expectations of those companies, the availability of cash within the Group to allow the companies be able to pay debts as they fall due, and the level of distributable reserves available.

ON BEHALF OF THE BOARD:


.....
I Pam - Director

Date: 23rd June 2021

HORSTMAN HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

BUSINESS ACTIVITIES

The company's business activities and principal risks and uncertainties are detailed above in the Strategic Report.

PRINCIPAL ACTIVITY

The company's principal activity is to hold investments in subsidiaries. The principal activities of the subsidiaries are the design, manufacture, refurbishment and sale of suspension systems, gearboxes, auxiliary power units and components, high precision maritime built to print parts and naval instrumentation equipment.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

The directors expect the company's activities to remain the same for the foreseeable future

GOING CONCERN

Having considered the risks facing the company, including the current uncertain economic environment arising from Covid-19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This position is further reinforced post acquisition by the financial strength of the group's owners. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The board of directors is responsible for assessing and monitoring the major risks that face the business. Through regular, scheduled review meetings with responsible members of management, appropriate policies are put in place to manage key areas of uncertainty and ensure that the organisation's financial objectives are delivered. The key risks are discussed in the strategic report..

DIRECTORS

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

M Masur
I Pain

Other changes in directors holding office are as follows:

F Hofbauer ceased to be a director after 31 December 2020 but prior to the date of this report.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
I Pain - Director

Date: 23rd June 2021
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HORSTMAN HOLDINGS LIMITED

Opinion

We have audited the financial statements of Horstman Holdings Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 31 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 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 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policy note on Going Concern.

Other matter

The financial statements of the company for the period-ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion of those statements on 21 August 2020.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HORSTMAN HOLDINGS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the 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 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 Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HORSTMAN HOLDINGS 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 obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), the Companies Act 2006 and relevant tax compliance regulations in the UK.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where management considered there was susceptibility to fraud. Audit procedures performed by the audit team included:

- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, with a focus on entries made with unusual accounting combinations;
- Confirming with management whether they have knowledge of any actual, suspected or illegal fraud;
- Evaluating whether there was evidence of bias by management that represents a risk of material misstatement due to fraud.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance with all laws and regulations.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HORSTMAN HOLDINGS LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Ben Loveday FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts, Statutory Auditor
Chartered Accountants
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

Date: 24th June 2021

HORSTMAN HOLDINGS LIMITED

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

	Notes	Year Ended 31.12.20 £'000	£'000	Period 1.4.19 to 31.12.19 £'000	£'000
REVENUE			-		-
Administrative expenses			(144)		14
OPERATING PROFIT/(LOSS)			144		(14)
Income from shares in group undertakings		2,500		-	
Interest receivable and similar income	5	73		89	
			2,573		89
			2,717		75
Amounts written off investments	6		-		665
			2,717		(590)
Interest payable and similar expenses	7		106		109
PROFIT/(LOSS) BEFORE TAXATION	8		2,611		(699)
Tax on profit/(loss)	9		25		(4)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			2,586		(695)
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			2,586		(695)

The notes form part of these financial statements

**BALANCE SHEET
31 DECEMBER 2020**

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	10		18,215		14,573
CURRENT ASSETS					
Debtors	11	421		3,898	
CREDITORS					
Amounts falling due within one year	12	28		6	
NET CURRENT ASSETS			393		3,892
TOTAL ASSETS LESS CURRENT LIABILITIES			18,608		18,465
CREDITORS					
Amounts falling due after more than one year	13		5,636		8,079
NET ASSETS			12,972		10,386
CAPITAL AND RESERVES					
Called up share capital	14		2		2
Share premium	15		4,076		4,076
Merger reserve	15		10,341		10,341
Retained earnings	15		(1,447)		(4,033)
SHAREHOLDERS' FUNDS			12,972		10,386

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 23rd June 2021 and were signed on its behalf by:



I Pain - Director

The notes form part of these financial statements

HORSTMAN HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1 April 2019	2	(3,338)	4,076	10,341	11,081
Changes in equity					
Total comprehensive income	-	(695)	-	-	(695)
Balance at 31 December 2019	2	(4,033)	4,076	10,341	10,386
Changes in equity					
Total comprehensive income	-	2,586	-	-	2,586
Balance at 31 December 2020	2	(1,447)	4,076	10,341	12,972

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Horstman Holdings 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 company's principal activity is to hold investments in subsidiaries. The principal activities of the subsidiaries are the design, manufacture, refurbishment and sale of suspension systems, gearboxes, auxiliary power units and components, high precision maritime built to print parts and naval instrumentation equipment.

Statement of Compliance

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year in dealing with items which are considered material in relation to the company's financial statements.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies, such areas being discussed further in note 3.

These financial statements are for the year ended 31 December 2020, the comparative period is the 9 months ended 31 December 2019.

As the company is included in the consolidated financial statements of RENK Holding GmbH it has taken the exemption under section 400 of the Companies Act from preparing its own consolidated financial statements. Accordingly, these financial statements are in respect of the company only.

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

2. ACCOUNTING POLICIES - continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

This information is included in the consolidated financial statements of RENK Holding GmbH as at 31 December 2020. These financial statements may be obtained from the company, c/o Locksbrook Road, Bath, Avon, BA1 3EX.

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

2. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Financial instruments

The company enters into basis financial instruments transactions that result in the recognition of financial assets and liabilities such as amounts due to and from group undertakings.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Other debt instruments, including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found an impairment loss is recognised in the income statement.

The impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Other financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. The tax charge is based on the results for the year and takes into account full provision for deferred tax due to temporary differences, using the liability method. Deferred tax assets and liabilities are not discounted.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the Company intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of prior years.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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

2. ACCOUNTING POLICIES - continued

Investments

Investments in subsidiaries are stated at cost less provision for impairment. The company considers whether there has been an impairment trigger during the period, and if there has, the impairment is measured by reference to the forecast future cash flows expected to be generated by the subsidiary.

Trade and other receivables

Short terms trade receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Trade and other payables

Short term payables are measured at the transaction price. Other financial liabilities, including intercompany loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency exchange

Transactions in currencies other than the functional currency of the company are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Finance costs

Finance costs are charged to the income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction on the proceeds of the associated capital instrument.

Interest income

Interest income is recognised in the income statement using the effective interest method.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to use judgement in applying the company's accounting policies and to make estimates and assumptions which affect reported income, expenses, assets and disclosures of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

There are no key judgements that have been made in applying the company's accounting policies.

The following key estimates could result in a material change to assets or liabilities recognised in the financial statements in the next 12 months:

Carrying value of investments

At each balance sheet date the investment in subsidiary companies is reviewed for impairment. This review considers both the value of the current recorded net assets of the subsidiary companies as well as expected future cash flows from subsidiary companies.

The investment in the Canadian subsidiary has been fully impaired during the period. This business has been loss making and although the directors remain supportive of the business and view it as a key part of the group, they have taken a prudent view that it is appropriate to fully impair the investment balance as well as the loan receivable that was impaired in the prior year.

The investment in US subsidiary has not been impaired following a review performed by the directors. The key assumptions made in this assessment are:

- The company is profitable
- The company has a strong order book on established US defence projects.
- Our long term planning shows strong growth and profitability.
- The company continues to meet its commitments through its own cash flow.

4. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2020 nor for the period ended 31 December 2019.

	Year Ended 31.12.20 £	Period 1.4.19 to 31.12.19 £
Directors' remuneration	-	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.20 £'000	Period 1.4.19 to 31.12.19 £'000
Interest on loans to group undertakings	73	89

HORSTMAN HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****6. AMOUNTS WRITTEN OFF INVESTMENTS**

	Year Ended 31.12.20 £'000	Period 1.4.19 to 31.12.19 £'000
Amounts w/o invs	-	665

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.20 £'000	Period 1.4.19 to 31.12.19 £'000
Interest on loans from group undertakings	106	109
	<u>106</u>	<u>109</u>

8. PROFIT/(LOSS) BEFORE TAXATIONAuditors remuneration

The audit fee for the company has been borne by a subsidiary undertaking.

Employees

The company had no employees during the year.

Directors emoluments

The directors are paid by a subsidiary company, primarily for their services to that company. The emoluments of the relevant UK Directors are shown in the financial statements of Horstman Defence System Limited.

9. TAXATION**Analysis of tax expense/(income)**

	Year Ended 31.12.20 £'000	Period 1.4.19 to 31.12.19 £'000
Current tax: Tax	21	(4)
Deferred tax	4	-
Total tax expense/(income) in statement of comprehensive income	<u>25</u>	<u>(4)</u>

HORSTMAN HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****9. TAXATION - continued****Factors affecting the tax expense**

The tax assessed for the year is lower (2019 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.20 £'000	Period 1.4.19 to 31.12.19 £'000
Profit/(loss) before income tax	<u>2,611</u>	<u>(699)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	496	(133)
Effects of:		
Non deductible impairment charge	-	126
Other differences leading to a decrease in the tax charge	-	3
Non-taxable income	(475)	-
Adjustments in respect of prior periods	<u>4</u>	<u>-</u>
Tax expense/(income)	<u>25</u>	<u>(4)</u>

10. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2020	15,238
Additions	<u>3,642</u>
At 31 December 2020	<u>18,880</u>
PROVISIONS	
At 1 January 2020 and 31 December 2020	<u>665</u>
NET BOOK VALUE	
At 31 December 2020	<u>18,215</u>
At 31 December 2019	<u>14,573</u>

HORSTMAN HOLDINGS LIMITED

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

10. INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Horstman Defence Systems Limited

Registered office: England & Wales

Nature of business: Manufacture of military mobility equipment

Class of shares:	% holding
Ordinary	100.00

Horstman Inc.

Registered office: USA

Nature of business: Manufacture of military mobility equipment

Class of shares:	% holding
Ordinary	100.00

Horstman Systems Inc.

Registered office: Canada

Nature of business: Design of mobility equipment

Class of shares:	% holding
Ordinary	100.00

11. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	-	89
Other debtors	126	126
	<u>126</u>	<u>215</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	295	3,683
	<u>295</u>	<u>3,683</u>
Aggregate amounts	<u>421</u>	<u>3,898</u>

Amounts owed by group undertakings have no fixed repayment date and were advanced to provide funding to subsidiaries during their start up phases.

No substantial repayments are expected in the short to medium term and therefore the balance has been shown as due after more than one year to reflect the substance of the arrangement.

HORSTMAN HOLDINGS LIMITED

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Tax	22	-
Accruals and deferred income	6	6
	<u>28</u>	<u>6</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	<u>5,636</u>	<u>8,079</u>

Amount owed to group undertakings due after more than one year represents a loan provided by Horstman Defence Systems Limited, that bears interest at the 3 month London Interbank Offered Rate plus 2 percent per annum simple interest.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £'000	2019 £'000
Number:	Class:			
2,000	Ordinary	£1	2	2
111	"A" Ordinary	£1	-	-
			<u>2</u>	<u>2</u>

15. RESERVES

	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Totals £'000
At 1 January 2020	(4,033)	4,076	10,341	10,384
Profit for the year	2,586			2,586
At 31 December 2020	<u>(1,447)</u>	<u>4,076</u>	<u>10,341</u>	<u>12,970</u>

16. RELATED PARTY DISCLOSURES

The company is exempt from disclosing transactions with other group companies for the year to 31 December 2020 by virtue of being included in the consolidated financial statements of RENK Holding GmbH.

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

17. ULTIMATE CONTROLLING PARTY

At 31 December 2020, the company's intermediate parent company was RENK Holding GmbH ("RENK"). RENK, registered in Germany, is a subsidiary of Triton V fund, which is deemed to be the ultimate controlling party.

The smallest group to consolidate the accounts of the company is that headed by RENK. Copies of the RENK consolidated financial statements for the year ended 31 December 2020 may be obtained from the company's registered office.