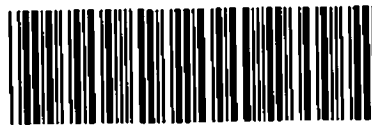


MTF HOLDING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

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MTF HOLDING LIMITED

COMPANY INFORMATION

Directors	Mr S J Preedy Mr L C Barnes Mr A Birbeck	(Appointed 16 January 2020)
Company number	09127578	
Registered office	c/o CK Chartered Accountants No.4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH	
Auditor	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY	

MTF HOLDING LIMITED

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MTF HOLDING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present the strategic report for the year ended 31 October 2019.

Fair review of the business

During the year group turnover has reduced from £66.6m to £56.1m, a reduction of 16%. The reduction is attributable to fluctuations in the level of activity in international petrochemical projects which are predominantly driven by oil prices.

At the same time, due to general price and currency fluctuations gross margin has increased from 27.5% to 32.3%.

Overall, the group has achieved an operating profit of £3.2m compared to £3.6m in the previous year.

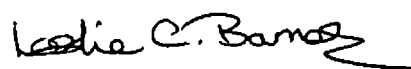
In the 2020 financial year, the level of turnover and profitability have been affected by Covid 19 but the group has continued to trade profitably.

The directors believe that the group's strong liquidity will enable it to take advantage of trading opportunities as the market improves and as the group continues to look for growth opportunities, both organic and by acquisition of suitable target companies. The policy of maintaining strong liquidity has also enabled the group to participate in a number of global contracts with major multinationals, which has resulted in significant export sales, which would not otherwise have been achieved. It has also enabled the group to continue its policy of continual investment in fixed assets and stock ranges.

The management of the business and the execution of the group's strategy are subject to a number of key risks. The key business risks and uncertainties affecting the group are considered to relate to the strong competition within the field, resulting in pressure on margins, and currency fluctuations. Risks are reviewed by the directors and appropriate processes are put in place to monitor and mitigate them.

Given the straightforward nature of the business, the directors are of the opinion that analysis using other KPI's is not necessary for an understanding of the development, performance or position of the business. The group's activities are closely monitored by the directors with the assistance of monthly internal management accounts and supporting reports.

On behalf of the board



Mr L C Barnes

Director

31 July 2020

MTF HOLDING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their annual report and financial statements for the year ended 31 October 2019.

Principal activities

The principal activity of the company continued to be that of a holding company and group activities continued to be those of manufacturing, processing and factoring tube fittings and the manufacture and merchanting of threaded fasteners and turned parts.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S J Preedy

Mr J R Preedy

Mr L C Barnes

Mr A Birbeck

(Resigned 7 January 2020)

(Appointed 16 January 2020)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,500,890. The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MTF HOLDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr L C Barnes
Director

31 July 2020

MTF HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MTF HOLDING LIMITED

Opinion

We have audited the financial statements of MTF Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2019 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 October 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 *Auditor's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MTF HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MTF HOLDING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MTF HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MTF HOLDING LIMITED

Use of our report

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



Mr Stephen Howard Neal (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs Limited

Chartered Certified Accountants
Statutory Auditor

5 August 2020

264 Banbury Road
Oxford
OX2 7DY

MTF HOLDING LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	2018 £
Turnover	3	56,118,280	66,642,160
Cost of sales		(37,972,243)	(48,297,472)
Gross profit		18,146,037	18,344,688
Administrative expenses		(14,937,978)	(14,768,632)
Operating profit	4	3,208,059	3,576,056
Interest receivable and similar income	8	167,217	79,344
Interest payable and similar expenses	9	(5,551)	(8,724)
Amounts written back on investments	10	22,403	33,602
Profit before taxation		3,392,128	3,680,278
Tax on profit	11	(878,210)	(853,620)
Profit for the financial year		2,513,918	2,826,658

Profit for the financial year is all attributable to the owners of the parent company.

MTF HOLDING LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Profit for the year	2,513,918	2,826,658
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,513,918</u>	<u>2,826,658</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

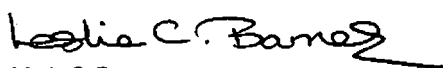
MTF HOLDING LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	13	1,513,440		1,740,456	
Tangible assets	14	13,574,221		13,107,817	
		<u>15,087,661</u>		<u>14,848,273</u>	
Current assets					
Stocks	18	19,045,152		14,628,057	
Debtors	19	15,530,925		13,093,496	
Cash at bank and in hand		30,901,997		36,662,900	
		<u>65,478,074</u>		<u>64,384,453</u>	
Creditors: amounts falling due within one year	20	<u>(7,036,279)</u>		<u>(6,834,413)</u>	
Net current assets		<u>58,441,795</u>		<u>57,550,040</u>	
Total assets less current liabilities		<u>73,529,456</u>		<u>72,398,313</u>	
Provisions for liabilities	22	<u>(263,039)</u>		<u>(144,924)</u>	
Net assets		<u><u>73,266,417</u></u>		<u><u>72,253,389</u></u>	
Capital and reserves					
Called up share capital	24	108,918		108,918	
Other reserves		69,292,913		69,292,913	
Profit and loss reserves		3,864,586		2,851,558	
Total equity		<u><u>73,266,417</u></u>		<u><u>72,253,389</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 31 July 2020 and are signed on its behalf by:


 Mr L C Barnes
 Director

MTF HOLDING LIMITED

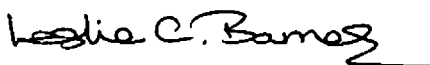
COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	14	1,259,842		969,634	
Investments	15	11,161,145		12,161,145	
		<u>12,420,987</u>		<u>13,130,779</u>	
Current assets					
Debtors	19	683,981		3,499,900	
Cash at bank and in hand		5,607,021		2,065,629	
		<u>6,291,002</u>		<u>5,565,529</u>	
Creditors: amounts falling due within one year	20	<u>(3,518,346)</u>		<u>(7,011,161)</u>	
Net current assets/(liabilities)		<u>2,772,656</u>		<u>(1,445,632)</u>	
Total assets less current liabilities		<u>15,193,643</u>		<u>11,685,147</u>	
Capital and reserves					
Called up share capital	24	108,918		108,918	
Profit and loss reserves		15,084,725		11,576,229	
Total equity		<u>15,193,643</u>		<u>11,685,147</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £5,009,386 (2018 - £5,286 loss).

The financial statements were approved by the board of directors and authorised for issue on 31 July 2020 and are signed on its behalf by:



Mr L C Barnes
Director

Company Registration No. 09127578

MTF HOLDING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 November 2017		108,918	69,292,913	1,225,176	70,627,007
Year ended 31 October 2018:					
Profit and total comprehensive income for the year		-	-	2,826,658	2,826,658
Dividends	12	-	-	(1,200,276)	(1,200,276)
Balance at 31 October 2018		108,918	69,292,913	2,851,558	72,253,389
Year ended 31 October 2019:					
Profit and total comprehensive income for the year		-	-	2,513,918	2,513,918
Dividends	12	-	-	(1,500,890)	(1,500,890)
Balance at 31 October 2019		108,918	69,292,913	3,864,586	73,266,417

MTF HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2017		108,918	12,781,791	12,890,709
Year ended 31 October 2018:				
Loss and total comprehensive income for the year		-	(5,286)	(5,286)
Dividends	12	-	(1,200,276)	(1,200,276)
Balance at 31 October 2018		108,918	11,576,229	11,685,147
Year ended 31 October 2019:				
Profit and total comprehensive income for the year		-	5,009,386	5,009,386
Dividends	12	-	(1,500,890)	(1,500,890)
Balance at 31 October 2019		108,918	15,084,725	15,193,643

MTF HOLDING LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30	(2,083,318)		4,085,586	
Interest paid		(5,551)		(8,724)	
Income taxes paid		(929,852)		(550,360)	
Net cash (outflow)/inflow from operating activities		(3,018,721)		3,526,502	
Investing activities					
Purchase of tangible fixed assets		(1,428,160)		(1,352,422)	
Proceeds on disposal of tangible fixed assets		165		6,034	
Proceeds on disposal of fixed asset investments		22,403		33,602	
Interest received		167,217		79,344	
Net cash used in investing activities		(1,238,375)		(1,233,442)	
Financing activities					
Payment of finance leases obligations		(2,917)		2,917	
Dividends paid to equity shareholders		(1,500,890)		(1,200,276)	
Net cash used in financing activities		(1,503,807)		(1,197,359)	
Net (decrease)/increase in cash and cash equivalents		(5,760,903)		1,095,701	
Cash and cash equivalents at beginning of year		36,662,900		35,567,199	
Cash and cash equivalents at end of year		30,901,997		36,662,900	

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

Company information

MTF Holding Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is c/o CK Chartered Accountants, No.4 Castle Court 2, Castlegate Way, Dudley, West Midlands, DY1 4RH.

The group consists of MTF Holding Limited and all of its subsidiaries.

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.

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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

During the 2016 financial period, there was a group reconstruction which did not result in any change in the ultimate ownership of the group and in respect of which merger accounting has been applied.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of MTF Holding Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 October 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

1.7 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:

Freehold land and buildings	2% straight line
Leasehold land and buildings	straight line over the term of the lease
Plant and equipment	15% reducing balance/12.5%-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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of fixed assets

At each reporting period end date, the group 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.11 Cash at bank and in hand

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.

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

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.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 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 group'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 if, and only if, there is 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.

1.15 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.

1.16 Retirement benefits

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

1.17 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 leased asset are consumed.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

1.18 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.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Bad debt provision

A bad debt provision is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered.

Useful economic life of non current assets

The useful economic lives of non-current assets have been derived from the judgement of the Directors, using their best estimate of write-down period.

MTF HOLDING LIMITED

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

3 Turnover and other revenue

	2019 £	2018 £
Other significant revenue		
Interest income	167,217	79,344

No further analysis of turnover is provided as the directors believe that this may be prejudicial to the best interests of the group.

All turnover relates to the sale of goods.

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(107,732)	(3,577)
Depreciation of owned tangible fixed assets	952,337	929,624
Depreciation of tangible fixed assets held under finance leases	-	6,422
Loss on disposal of tangible fixed assets	9,254	5,024
Amortisation of intangible assets	227,016	227,016
Operating lease charges	559,696	641,031

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,000	3,250
Audit of the financial statements of the company's subsidiaries	90,000	92,250
	94,000	95,500

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales	58	60	-	-
Administration	62	63	-	-
Works	116	117	-	-
	<u>236</u>	<u>240</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	8,542,743	8,010,756	-	-
Social security costs	754,687	723,393	-	-
Pension costs	105,885	66,678	-	-
	<u>9,403,315</u>	<u>8,800,827</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>259,090</u>	<u>253,674</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>191,068</u>	<u>188,613</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>167,217</u>	<u>79,344</u>

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	5,551	8,602
Interest on finance leases and hire purchase contracts	-	122
Total finance costs	5,551	8,724

10 Amounts written off investments

	2019 £	2018 £
Other gains and losses	22,403	33,602

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	760,095	873,541
Deferred tax		
Origination and reversal of timing differences	118,115	(19,921)
Total tax charge	878,210	853,620

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	3,392,128	3,680,278
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	644,504	699,253
Tax effect of expenses that are not deductible in determining taxable profit	134,791	91,331
Change in unrecognised deferred tax assets	(10,302)	(29,720)
Adjustments in respect of prior years	-	(14,298)
Depreciation on assets not qualifying for tax allowances	109,217	104,253
Other permanent differences	-	2,801
Taxation charge	878,210	853,620

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

12 Dividends

	2019 £	2018 £
Final paid	1,500,890	1,200,276

13 Intangible fixed assets

Group	Goodwill £	Patents & licences £	Total £
Cost			
At 1 November 2018 and 31 October 2019	2,270,160	44,000	2,314,160
Amortisation and impairment			
At 1 November 2018	529,704	44,000	573,704
Amortisation charged for the year	227,016	-	227,016
At 31 October 2019	756,720	44,000	800,720
Carrying amount			
At 31 October 2019	1,513,440	-	1,513,440
At 31 October 2018	1,740,456	-	1,740,456

The company had no intangible fixed assets at 31 October 2019 or 31 October 2018.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

14 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Total
	£	£	£	£
Cost				
At 1 November 2018	10,154,192	3,207,489	8,637,819	21,999,500
Additions	315,919	25,322	1,086,919	1,428,160
Disposals	-	-	(133,043)	(133,043)
At 31 October 2019	10,470,111	3,232,811	9,591,695	23,294,617
Depreciation and impairment				
At 1 November 2018	2,184,983	753,262	5,953,438	8,891,683
Depreciation charged in the year	199,611	148,199	604,527	952,337
Eliminated in respect of disposals	-	-	(123,624)	(123,624)
At 31 October 2019	2,384,594	901,461	6,434,341	9,720,396
Carrying amount				
At 31 October 2019	8,085,517	2,331,350	3,157,354	13,574,221
At 31 October 2018	7,969,209	2,454,227	2,684,381	13,107,817

Company	Freehold land and buildings
	£
Cost	
At 1 November 2018	969,634
Additions	315,919
At 31 October 2019	1,285,553
Depreciation and impairment	
At 1 November 2018	-
Depreciation charged in the year	25,711
At 31 October 2019	25,711
Carrying amount	
At 31 October 2019	1,259,842
At 31 October 2018	969,634

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

14 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Motor vehicles	-	19,268	-	-
Depreciation charge for the year in respect of leased assets	-	6,422	-	-

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	11,161,145	12,161,145

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 November 2018 and 31 October 2019	12,161,145
Impairment	
At 1 November 2018	-
Impairment losses	1,000,000
At 31 October 2019	1,000,000
Carrying amount	
At 31 October 2019	11,161,145
At 31 October 2018	12,161,145

16 Subsidiaries

Details of the company's subsidiaries at 31 October 2019 are as follows:

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Eagle Tube and Flanges Limited	Scotland	Stockists and suppliers of steel tubes, fittings and flanges	Ordinary	100.00	-
Heavywall Fittings Limited	England	Dormant	Ordinary	-	100.00
High Pressure Fittings Limited	England	Non trading	Ordinary	100.00	-
Marla (Alcester) Limited	England	Dormant	Ordinary	-	100.00
Marla Tube Fittings Limited	England	Factoring tube and tube fittings	Ordinary	100.00	-
Pressure Fittings Limited	England	Dormant	Ordinary	-	100.00
Promat (BD) Tianjin Limited	China	Manufacture of flangelets and associated products	Ordinary	100.00	-
Promat BD (Tianjin) Trading Limited	China	Manufacture of flangelets and associated products	Ordinary	-	100.00
Promat BD Limited	Scotland	Manufacturing flangelets and associated products	Ordinary	100.00	-
Redditch Fittings and Flanges Limited	England	Dormant	Ordinary	-	100.00
Steadfast Engineering Company Limited	England	Manufacture and merchanting of threaded fasteners and turned parts	Ordinary	100.00	-
Steadfast Scotland Limited	Scotland	Manufacture and merchanting of threaded fasteners and turned parts	Ordinary	100.00	-

17 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	45,643,876	48,955,523	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	6,151,179	5,971,573	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

18 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Work in progress	-	6,341	-	-
Finished goods and goods for resale	19,045,152	14,621,716	-	-
	<u>19,045,152</u>	<u>14,628,057</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	14,324,279	12,123,525	-	-
Amounts owed by group undertakings	-	-	683,981	3,499,900
Other debtors	434,953	499,893	-	-
Prepayments and accrued income	771,693	470,078	-	-
	<u>15,530,925</u>	<u>13,093,496</u>	<u>683,981</u>	<u>3,499,900</u>

20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	21	-	2,917	-	-
Trade creditors		4,983,822	4,736,385	1,761	-
Amounts owed to group undertakings		-	-	3,516,585	6,855,845
Corporation tax payable		339,668	509,425	-	-
Other taxation and social security		545,432	353,415	-	-
Other creditors		425,761	546,323	-	155,316
Accruals and deferred income		741,596	685,948	-	-
		<u>7,036,279</u>	<u>6,834,413</u>	<u>3,518,346</u>	<u>7,011,161</u>

21 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	-	2,917	-	-

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	263,039	144,924

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 November 2018	144,924	-
Charge to profit or loss	118,115	-
Liability at 31 October 2019	263,039	-

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	105,885	66,678

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital issued and fully paid		
108,918 Ordinary of £1 each	108,918	108,918

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

25 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	459,542	351,684	-	-
Between two and five years	1,303,672	987,000	-	-
In over five years	2,036,004	207,000	-	-
	<u>3,799,218</u>	<u>1,545,684</u>	<u>-</u>	<u>-</u>

26 Events after the reporting date

Since the balance sheet date the company has declared dividends of £1,750,312.

27 Related party transactions

Transactions with related parties

During the year, the group paid consultancy fees of £59,545 (2018 £63,014) to CK, a firm of Chartered Accountants, a business in which L C Barnes (a director of the parent company) is a partner.

Related party transactions with other group companies have not been disclosed as per FRS102 Section 33.1A.

No guarantees have been given or received.

28 Directors' transactions

Dividends totalling £1,469,568 (2018 - £1,019,913) were paid in the year in respect of shares held by the company's directors.

29 Controlling party

The ultimate controlling party is S J Preedy, a director of the company.

MTF HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

30 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	2,513,918	2,826,658
Adjustments for:		
Taxation charged	878,210	853,620
Finance costs	5,551	8,724
Investment income	(167,217)	(79,344)
Loss on disposal of tangible fixed assets	9,254	5,024
Amortisation and impairment of intangible assets	227,016	227,016
Depreciation and impairment of tangible fixed assets	952,337	936,046
Amounts written back on investments	(22,403)	(33,602)
Movements in working capital:		
(Increase) in stocks	(4,417,095)	(1,703,868)
(Increase)/decrease in debtors	(2,437,429)	1,292,904
Increase/(decrease) in creditors	374,540	(247,592)
Cash (absorbed by)/generated from operations	(2,083,318)	4,085,586