

Registered number: 09760620

H & S TOOL HOLDINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019



H & S TOOL HOLDINGS LTD

COMPANY INFORMATION

Directors	T Cunningham J Hazlett (resigned 21/02/20)
Registered number	09760620
Registered office	Unit 7 Castlehill Industrial Estate Horsfield Way Bredbury Stockport SK6 2SU
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Natwest 1 Spinningfields Square Manchester M3 3AP

H & S TOOL HOLDINGS LTD

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 6
Statement of Income and Retained Earnings	7
Statement of Financial Position	8
Notes to the Financial Statements	9 - 19

H & S TOOL HOLDINGS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2019

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

Principal activity

The principal activity of the Company is provision of business support service activities through the sale and rental of portable machining tools.

Directors

The directors who served during the year were:

T Cunningham
J Hazlett (resigned 21/02/20)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

H & S TOOL HOLDINGS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2019**

Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Company currently meets its day to day working capital requirements through intercompany funding. The continuation of the Company's activities is dependent upon the continuing support of its parent company, Climax Portable Machine Tools Inc.

The directors have concluded, after making enquiries, that they have a reasonable expectation that the Company has access to adequate resources, and the support from its ultimate parent company, to enable it to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Cunningham
Director

Date: *March 2, 2020*



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H & S TOOL HOLDINGS LTD

Opinion

We have audited the financial statements of H & S Tool Holdings Ltd (the 'Company') for the year ended 31 May 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H & S TOOL HOLDINGS LTD
(CONTINUED)**

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 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 Auditors' 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.



Grant Thornton

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H & S TOOL HOLDINGS LTD
(CONTINUED)**

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 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.



Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H & S TOOL HOLDINGS LTD
(CONTINUED)

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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' 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.

Grant Thornton UK LLP

Michael Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date:

3 March 2020

H & S TOOL HOLDINGS LTD

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MAY 2019**

	Note	2019 £	2018 £
Turnover		2,557,237	2,193,650
Cost of sales		(1,475,789)	(1,149,295)
Gross profit		1,081,448	1,044,355
Distribution costs		(97,809)	(69,130)
Administrative expenses		(939,306)	(838,365)
Operating profit	3	44,333	136,860
Interest payable and expenses	7	(74,616)	(59,125)
(Loss)/profit before tax		(30,283)	77,735
Tax on (loss)/profit		-	-
(Loss)/profit after tax		(30,283)	77,735
Retained earnings at the beginning of the year		(143,385)	(221,120)
		(143,385)	(221,120)
(Loss)/profit for the year		(30,283)	77,735
Retained earnings at the end of the year		(173,668)	(143,385)

The notes on pages 9 to 19 form part of these financial statements.

H & S TOOL HOLDINGS LTD
REGISTERED NUMBER:09760620

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	8	(128,371)	(148,640)
Tangible assets	9	1,060,871	1,234,479
Investments	10	211,427	216,809
		<u>1,143,927</u>	<u>1,302,648</u>
Current assets			
Stocks	11	66,379	103,394
Debtors: amounts falling due within one year	12	724,447	918,710
Cash at bank and in hand	13	185,272	183,661
		<u>976,098</u>	<u>1,205,765</u>
Creditors: amounts falling due within one year	14	(595,826)	(1,002,084)
Net current assets		<u>380,272</u>	<u>203,681</u>
Total assets less current liabilities		<u>1,524,199</u>	<u>1,506,329</u>
Creditors: amounts falling due after more than one year	15	(1,037,867)	(989,714)
Net assets		<u><u>486,332</u></u>	<u><u>516,615</u></u>
Capital and reserves			
Called up share capital	16	625,000	625,000
Share premium account	17	35,000	35,000
Profit and loss account	17	(173,668)	(143,385)
		<u><u>486,332</u></u>	<u><u>516,615</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T Cunningham
Director

Date: *March 2, 2020*

The notes on pages 9 to 19 form part of these financial statements.

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

1. General information

H & S Tool Holdings Ltd is a private company limited by shares and registered in England and Wales. Registered number: 09760620. Its registered head office is located at Unit 7 Castlehill Industrial Estate, Horsfield Way, Bredbury, Stockport, SK6 2SU.

The principal activity of the Company is the provision of business support service activities through the sale and rental of portable machining tools.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company is a parent undertaking of a small group, and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Company currently meets its day to day working capital requirements through intercompany funding. The continuation of the Company's activities is dependent upon the continuing support of its parent company, Climax Portable Machine Tools Inc..

The directors have concluded, after making enquiries, that they have a reasonable expectation that the Company has access to adequate resources, and the support from its ultimate parent company, to enable it to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Revenue

Turnover comprises revenue recognised by the Company in respect of sale and rental of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue is recognised upon the despatch of goods relating to sales and rental and service revenue in the period which it relates.

2.4 Intangible assets

Negative goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, negative goodwill is measured at cost less accumulated amortisation. Negative goodwill is amortised on a straight line basis to the Statement of total comprehensive Income over its useful economic life of 10 years.

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	- over the term of the lease
Rental equipment	- over the useful economic life of the asset which ranges from 11% to 50%
Motor vehicles	- 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.8 Debtors

Short term debtors 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.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors' and creditors and loans from related parties.

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 Statement of income and retained earnings.

For financial assets measured at amortised cost, 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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.11 Creditors

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

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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 in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

3. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	336,759	352,326
Amortisation of negative goodwill	(20,269)	(16,516)
Operating lease rentals - motor vehicles	8,161	680
Operating lease rentals - property	45,048	45,048

4. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,500	9,000
Fees payable to the Company's auditor and its associates in respect of:		
Accounting services	500	500

5. Employees

The average monthly number of employees, including directors, during the year was 6 (2018: 6).

H & S TOOL HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

6. Directors' remuneration

During the current and prior year, no director received any emoluments.

7. Interest payable and similar expenses

	2019 £	2018 £
On loans from group undertakings	<u>74,616</u>	<u>59,125</u>

8. Intangible assets

	Goodwill £
Cost	
At 1 June 2018	(213,119)
At 31 May 2019	<u>(213,119)</u>
Amortisation	
At 1 June 2018	(64,479)
Charge for the year	(20,269)
At 31 May 2019	<u>(84,748)</u>
Net book value	
At 31 May 2019	<u>(128,371)</u>
At 31 May 2018	<u>(148,640)</u>

The useful economic life of the goodwill was changed to 10 years as at 1 June 2018. This change in estimate has been treated prospectively

H & S TOOL HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

9. Tangible fixed assets

	Leasehold property improvements £	Rental equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2018	43,480	1,982,268	19,853	2,045,601
Additions	-	183,159	-	183,159
Disposals	-	(41,944)	-	(41,944)
At 31 May 2019	43,480	2,123,483	19,853	2,186,816
Depreciation				
At 1 June 2018	18,042	785,221	7,859	811,122
Charge for the year on owned assets	10,175	321,621	4,963	336,759
Disposals	-	(21,936)	-	(21,936)
At 31 May 2019	28,217	1,084,906	12,822	1,125,945
Net book value				
At 31 May 2019	15,263	1,038,577	7,031	1,060,871
At 31 May 2018	25,438	1,197,047	11,994	1,234,479

H & S TOOL HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2018	216,809
Disposal	(5,382)
	<hr/>
At 31 May 2019	211,427
Net book value	
At 31 May 2019	211,427
	<hr/> <hr/>
At 31 May 2018	216,809
	<hr/> <hr/>

The disposal relates to a post acquisition adjustment in relation to the cost of the investment.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Climax Asia Pacific PTE Ltd	Singapore	Portable machine tools	Ordinary	100%
Climax Portable Machining & Welding Systems	Dubai	Portable machine tools	Ordinary	100%

The aggregate of the share capital and reserves as at 31 May 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Climax Asia Pacific PTE Ltd	112,577	29,313
Climax Portable Machining & Welding Systems	269,075	60,214

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

11. Stocks

	2019 £	2018 £
Goods for resale	<u>66,379</u>	<u>103,394</u>

12. Debtors

	2019 £	2018 £
Trade debtors	673,468	797,381
Amounts owed by group undertakings	4,349	88,347
Other debtors	27,775	27,776
Prepayments and accrued income	18,855	5,206
	<u>724,447</u>	<u>918,710</u>

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>185,272</u>	<u>183,661</u>

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	127,694	79,459
Amounts owed to group undertakings	160,286	678,140
Other taxation and social security	49,301	59,716
Other creditors	8,714	5,909
Accruals and deferred income	249,831	178,860
	<u>595,826</u>	<u>1,002,084</u>

H & S TOOL HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

15. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	<u>1,037,867</u>	<u>989,714</u>

Amounts owed to group undertakings includes two promissory notes. The first was issued by CPMT Intermediate Holdings Corp. on 1 October 2015 for a maximum amount of \$1,000,000 incurring interest at 6.375% per annum due for repayment 1 October 2024. The second was issued by Climax Portable Machine Tools Inc. on 3 June 2016 for a maximum amount of \$400,000 incurring interest at 6.375% per annum due for repayment 3 June 2026.

16. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
625,000 (2018: 625,000) Ordinary shares of £1.00 each	<u>625,000</u>	<u>625,000</u>

17. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

18. Commitments under operating leases

At 31 May 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	53,209	53,209
Later than 1 year and not later than 5 years	41,920	87,649
	<u>95,129</u>	<u>140,858</u>

H & S TOOL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

19. Related party transactions

During the year the Company purchased goods amounting to £919,544 (2018: £893,042) from Climax Portable Machine Tools Inc., a company registered in the United States of America which is a fellow subsidiary of its parent company. At the statement of financial position date, the Company owed amounts to this company amounting to £148,970 (2018: £530,204). In addition, the Company owed £244,907 (2018: £238,059) in respect of a long term promissory note. During the year the Company was charged interest at 6.375% per annum on this long term loan which amounted to £15,150 (2018: £15,176).

During the year the Company purchased goods amounting to £58,833 (2018: £2,641) and sold goods amounting to £152,736 (2018: £145,359) from/to Climax GmbH, a company registered in Germany which is a fellow subsidiary of its parent company. At the statement of financial position date, the Company owed amounts to this company amounting to £11,316 (2018: £25,219). The company was also owed £4,359 (2018: £81,847) from this company. Climax GmbH is an acting guarantor in relation to a property operating lease for the registered office address of the Company.

During the year the Company purchased goods amounting to £385,156 (2018: £89,525) and sold goods amounting to £nil (2018: £6,500) from/to H&S Tool Holdings LLC., a company registered in the United States of America which is a subsidiary of Climax Portable Machine Tools Inc. At the statement of financial position date, the Company owed amounts to this company amounting to £85,123 (2018: £150,758). The company was owed £Nil (2018: £6,500) from this company.

At the balance sheet date, the Company owed an amount to its parent company, CPMT Intermediate Holdings Corp., a company registered in the United States of America, amounting to £792,959 (2018: £751,654) in respect of a long term promissory note. During the period the Company was charged interest at 6.375% per annum on this long term loan which amounted to £49,046 (2018: £47,981).

The individuals that are considered by the Company to be key management personnel have received remuneration totalling £69,774 (2018: £57,669).

20. Controlling party

The immediate parent undertaking is CPMT Intermediate Holdings Corp by virtue of its ownership of the entire share capital of the Company.

The ultimate parent undertaking and ultimate controlling party is CPMT Holdings Corp (registered offices 100 Spear Street, San Francisco, CA 94105, USA).