

KMF GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2021



ArmstrongWatson®

Accountants, Business & Financial Advisers

KMF GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G M Higgins M F Higgins S Acton D Higgins
Company secretary	J D Eeles
Registered number	11534723
Registered office	Millennium Way High Carr Business Park Newcastle Under Lyme Staffordshire ST5 7UF
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Number 3 Acorn Business Park Airedale Business Centre Skipton North Yorkshire BD23 2UE
Bankers	HSBC Bank PLC 64 High St Newcastle Under Lyme Staffordshire ST5 1QN

KMF GROUP HOLDINGS LIMITED

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KMF GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors have pleasure in presenting their report and the financial statements of the group for the period ended 31 March 2021.

Business review

The principal activity of the company during the period was that of a holding and investment company.

The principal activities of the subsidiaries during the period consisted of:

- The manufacture and fabrication of sheet metal products and precision engineered parts
- The design, manufacture and sale of bicycle components
- A holding and investment property company

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the period and its position at the year end. The review is consistent with the size and noncomplex nature of the business and is written in the context of the risks and uncertainties faced.

Principal risks and uncertainties

The market conditions in which the group operates are still extremely challenging due to the global economic climate and the competitive pressures within the industry. As with all UK based companies there is increased uncertainty due to Brexit.

Financial risk

The group's operations expose it to a variety of financial risks that include the effect of changes in credit, liquidity and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Credit risk

The group has implemented policies that require appropriate credit checks on customers before sales are made.

Liquidity risk

The directors believe that the group has sufficient funds available to support its activities in the future.

Foreign exchange risk

The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group with regard to foreign currency exchange rate variance. The group does not manage its exposure to foreign currency exchange rate variance on its foreign sales portfolio.

BREXIT

The directors are aware of the risks and uncertainties surrounding the UK's withdrawal from the European Union. Whilst the group has limited exposure to the direct uncertainty created by in respect of the various risks mentioned, the directors are aware that any future plans may be subject to unforeseen circumstances outside of the director's control. The group has therefore implemented policies that maintained a strong balance sheet to minimise these risks and allow the continuing operational capabilities of the business.

KMF GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

COVID-19

The directors are aware of the risks and uncertainties surrounding the global pandemic COVID-19 outbreak during March 2020. The directors are aware that any future plans may be subject to unforeseen circumstances outside of the directors' control. Further details of how the group has minimised these risks can be seen in the notes to the financial statements.

Financial key performance indicators

The key financial performance indicators are those that communicate the financial performance and strength of the group as a whole. These being turnover, gross margin and return on capital employed.

Turnover for the year is £35,878,579, in line with expectations. Product mix is constantly changing, depending on the order base, and new products are constantly being developed.

The gross profit percentage is 26% (2020 - £29.3%).

Return on capital employed is 19.2% (2020 - 7.1%) and is calculated by operating profit divided by total assets less current liabilities.

The directors have been seeking to increase turnover, contain operating costs, increase the number of customers, and improve product quality. To achieve these business targets, KMF continues to invest in new machinery and production processes in order to enhance the quality and delivery of customers products and control costs.

Shareholders funds as at 31 March 2021 amounted to £8,907,184.

Other key performance indicators

The directors and management team are committed to a culture of continuous improvement and recognise that continued investment in facilities, equipment, technology and people are crucial to enable the group to continue to deliver the exceptional level of service that it is renowned for.

As part of the group's continued growth strategy, the group has continued to invest in its overseas manufacturing facility, and utilised the skills of the UK Company. The directors are confident that the overseas operation will deliver consistent profits during the course of 2021, as the benefit of operational leverage will continue.

Executive board meetings are held monthly, with full board meetings held three times a year. Actual performance is compared to budget at these meetings and significant variances are investigated. The management of working capital is also reviewed at these meetings.

With the risks and uncertainties of the current economic climate, the directors are aware that any plans for the future development of the business may be subject to unforeseen future events outside of their control.

KMF GROUP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Directors' statement of compliance with section 172(1)

The directors believe in building long term, strong and sustainable relationships with our customers and suppliers. This approach has enabled us to win long term contracts of supply with our customers.

The group actively plays a part within the local community as it aims to employ local people and utilise the services of local companies as far as is possible. The directors are committed to employees' health, wellbeing and training engaging with specialists for external training and providing in-house sessions where required.

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



G M Higgins

Director

Date: 16 November 2021

KMF GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £2,542,129 (2020 - £525,674).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

G M Higgins
M F Higgins
S Acton
D Higgins

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Engagement with employees

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

KMF GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Engagement with suppliers, customers and others

The directors believe in building long term, strong and sustainable relationships with our customers and suppliers. This approach has enabled us to win long term contracts of supply with our customers.

The group actively plays a part within the local community as it aims to employ local people and utilise the services of local companies as far as is possible. The directors are committed to employees' health, wellbeing and training engaging with specialists for external training and providing in-house sessions for team leaders and managers during working time.

Disabled employees

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes of the applicant concerned, in the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate arrangements are made. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Requirements under the Disability Discrimination Act 2005 are complied with and wherever possible reasonable accommodation is made.

Greenhouse gas emissions, energy consumption and energy efficiency action

The group consumes electricity, gas and transport equivalents for its own offices and factory use. Consumption figures have been computed from utility bills provided by energy providers.

The transport energy consumption in litres and carbon footprint in kgCO₂e for the year ending 31 March 2021 is disclosed as follows:

<u>Energy</u>	<u>Litres</u>	<u>kgCO₂e</u>
Fuel	26,299	57,814

The energy consumption in kWh and carbon footprint in kgCO₂e for the year ending 31 March 2021 is disclosed as follows:

<u>Energy</u>	<u>kWh</u>	<u>kgCO₂e</u>
Electricity	3,966,982	1,394,632
Gas	4,943,550	910,404

The above data refers to energy consumed by KMF Precision Sheet Metal Limited. Energy consumed by other members of the group are deemed negligible in comparison and therefore disclosure is not deemed necessary.

The group takes its responsibility to energy consumption and climate control very seriously and therefore takes steps to monitor and control usage with a commitment to reduce consumption.

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

KMF GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

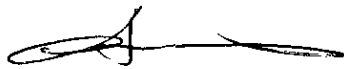
Post balance sheet events

Other than the ongoing effects of COVID-19, there have been no significant events affecting the group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



G M Higgins
Director

Date: 16 November 2021

KMF GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KMF GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of KMF Group Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KMF GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KMF GROUP HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 Group strategic report or the Directors' report.

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 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 set out on page 4, 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.

KMF GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KMF GROUP HOLDINGS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including

fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and review of appropriate industry knowledge;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions; and tested the operating effectiveness of key controls over purchase cycles on a sample basis.
 - reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation; and
 - enquiring of management as to actual and potential litigation and claims.

KMF GROUP HOLDINGS LIMITED

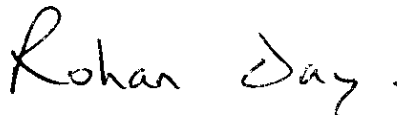
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KMF GROUP HOLDINGS LIMITED (CONTINUED)

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of nondetection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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



Rohan Day (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Skipton

16 November 2021

KMF GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	35,878,579	43,625,665
Cost of sales		(26,511,805)	(30,826,209)
Gross profit		9,366,774	12,799,456
Administrative expenses		(8,535,144)	(11,756,470)
Other operating income	5	2,567,491	-
Operating profit	6	3,399,121	1,042,986
Interest receivable and similar income	10	171	850
Interest payable and similar expenses	11	(311,320)	(452,646)
Profit before taxation		3,087,972	591,190
Tax on profit	12	(555,052)	(135,647)
Profit for the financial year		2,532,920	455,543
Profit for the year attributable to:			
Non-controlling interests		(9,209)	(70,131)
Owners of the parent Company		2,542,129	525,674
		2,532,920	455,543

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11534723

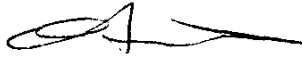
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	9,688	12,675
Tangible assets	15	16,934,759	18,206,062
		<u>16,944,447</u>	<u>18,218,737</u>
Current assets			
Stocks	17	2,652,318	2,885,302
Debtors: amounts falling due within one year	18	7,860,548	8,527,747
Cash at bank and in hand	19	3,812,813	519,874
		<u>14,325,679</u>	<u>11,932,923</u>
Creditors: amounts falling due within one year	20	(13,559,202)	(15,377,017)
Net current assets/(liabilities)		<u>766,477</u>	<u>(3,444,094)</u>
Total assets less current liabilities		<u>17,710,924</u>	<u>14,774,643</u>
Creditors: amounts falling due after more than one year	21	(8,475,259)	(8,059,097)
Provisions for liabilities			
Deferred taxation	24	(328,481)	(319,052)
		<u>(328,481)</u>	<u>(319,052)</u>
Net assets		<u>8,907,184</u>	<u>6,396,494</u>
Capital and reserves			
Called up share capital	25	150	150
Foreign exchange reserve	26	422	22,652
Share premium	26	2,749,940	2,749,940
Profit and loss account	26	6,156,672	3,668,805
Equity attributable to owners of the parent Company		<u>8,907,184</u>	<u>6,441,547</u>
Non-controlling interests		-	(45,053)
		<u>8,907,184</u>	<u>6,396,494</u>

KMF GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11534723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

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



G M Higgins
Director

Date: 16 November 2021

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11534723

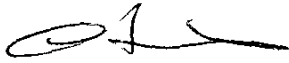
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	16	8,026,355	8,026,355
		<u>8,026,355</u>	<u>8,026,355</u>
Current assets			
Debtors: amounts falling due within one year	18	90	90
Cash at bank and in hand	19	285,263	45,263
		<u>285,353</u>	<u>45,353</u>
Creditors: amounts falling due within one year	20	(5,564,423)	(5,324,423)
Net current liabilities		<u>(5,279,070)</u>	<u>(5,279,070)</u>
Total assets less current liabilities		<u>2,747,285</u>	<u>2,747,285</u>
Net assets		<u><u>2,747,285</u></u>	<u><u>2,747,285</u></u>
Capital and reserves			
Called up share capital	25	150	150
Share premium	26	2,749,940	2,749,940
Profit and loss account brought forward		(2,805)	(3,258)
Profit for the year		-	453
Profit and loss account carried forward		<u>(2,805)</u>	<u>(2,805)</u>
		<u><u>2,747,285</u></u>	<u><u>2,747,285</u></u>

KMF GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11534723

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

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



G M Higgins
Director

Date: 16 November 2021

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Foreign exchange reserve £	Share premium reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 April 2019	150	106,147	2,749,940	3,332,239	6,188,476	(1,520)	6,186,956
Profit for the year	-	-	-	525,674	525,674	-	525,674
Foreign exchange movement	-	(83,495)	-	-	(83,495)	-	(83,495)
Loss attributable to NCI	-	-	-	-	-	(70,131)	(70,131)
Purchase of shares in subsidiary from NCI	-	-	-	(189,108)	(189,108)	26,598	(162,510)
At 1 April 2020	150	22,652	2,749,940	3,668,805	6,441,547	(45,053)	6,396,494
Profit for the year	-	-	-	2,542,129	2,542,129	-	2,542,129
Transfer from NCI to profit and loss account	-	-	-	(54,262)	(54,262)	-	(54,262)
Foreign exchange movement	-	(22,230)	-	-	(22,230)	-	(22,230)
Loss attributable to NCI	-	-	-	-	-	(9,209)	(9,209)
Transfer to profit and loss account	-	-	-	-	-	54,262	54,262
At 31 March 2021	150	422	2,749,940	6,156,672	8,907,184	-	8,907,184

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Share premium reserve £	Profit and loss account £	Total equity £
At 1 April 2019	150	2,749,940	(3,258)	2,746,832
Profit for the year	-	-	453	453
At 1 April 2020	150	2,749,940	(2,805)	2,747,285
Profit for the year	-	-	-	-
At 31 March 2021	150	2,749,940	(2,805)	2,747,285

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,532,920	455,543
Adjustments for:		
Amortisation of intangible assets	3,837	3,337
Depreciation of tangible assets	2,069,746	2,111,656
Profit on disposal of tangible assets	10,632	(23,005)
Interest paid	311,320	452,646
Interest received	(171)	(850)
Taxation charge	555,052	135,647
Decrease/(increase) in stocks	232,984	(284,804)
Decrease in debtors	667,201	604,895
(Decrease)/increase in creditors	(659,261)	357,546
Corporation tax (paid)	(142,852)	(277,652)
Movements on foreign exchange reserves	(22,230)	(83,495)
Transfer of non-controlling interest reserve to profit and loss reserves	54,262	-
Net cash generated from operating activities	5,613,440	3,451,464
Cash flows from investing activities		
Purchase of intangible fixed assets	(850)	(12,000)
Purchase of tangible fixed assets	(1,206,849)	(1,803,142)
Sale of tangible fixed assets	397,774	23,005
Purchase of fixed asset investments	(162,180)	(162,510)
Interest received	171	850
Net cash from investing activities	(971,934)	(1,953,797)

KMF GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from financing activities		
New secured loans	1,500,000	-
Repayment of loans	(604,294)	(724,489)
(Repayment of)/new finance leases	(583,041)	(334,404)
Movements on invoice discounting	(1,349,912)	(115,486)
Interest paid	(311,320)	(452,646)
Net cash used in financing activities	(1,348,567)	(1,627,025)
Net increase/(decrease) in cash and cash equivalents	3,292,939	(129,358)
Cash and cash equivalents at beginning of year	519,874	649,232
Cash and cash equivalents at the end of year	3,812,813	519,874
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,812,813	519,874
	3,812,813	519,874

KMF GROUP HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021**

	At 1 April 2020 £	Cash flows £	New bank loans £	New finance leases £	At 31 March 2021 £
Cash at bank and in hand	519,874	3,292,939	-	-	3,812,813
Bank loans	(6,817,935)	604,294	(1,500,000)	-	(7,713,641)
Proceeds of factored debts	(3,818,626)	1,349,912	-	-	(2,468,714)
Finance leases	(3,182,431)	875,350	-	(292,309)	(2,599,390)
	(13,299,118)	6,122,495	(1,500,000)	(292,309)	(8,968,932)

The notes on pages 21 to 43 form part of these financial statements.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

KMF Group Holdings Limited is a holding company to a trading group. The company is a private company limited by shares incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom. The company operates from their registered office address at Millennium Way, High Carr Business Park, Newcastle-Under-Lyme, Staffordshire, England, ST5 7UF.

The principal activities of the subsidiaries during the year consisted of:

- The manufacture and fabrication of sheet metal products and precision engineered parts
- The design, manufacture and sale of bicycle components
- A holding and investment property company

KMF Group Limited operates from their registered office address at Millennium Way, High Carr Business Park, Newcastle-Under-Lyme, Staffordshire, England, ST5 7UF.

KMF Precision Sheet Metal Limited operates from their premises at High Carr Business Park, Millennium Way, Newcastle-Under-Lyme, Staffordshire, England, ST5 7UF. The registered office is Caledonian Exchange, 19a Canning Street, Edinburgh, EH3 SHE.

KMF (Precision Sheet Metal) S.R.O operates from their registered office at Johanna Vaillanta 3043/2, 91311 Trencianske Stankovce, Slovakia.

KMF Precision Engineering Limited operates from their registered office at Unit 5, Rosevale Business Park, Newcastle-Under-Lyme, Staffordshire, England, ST5 7UB.

BETD Components Limited operates from their registered office address at Millennium Way, High Carr Business Park, Newcastle-Under-Lyme, Staffordshire, England, ST5 7UF.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2017.

2.3 Going concern

The directors believe that the group has adequate resources to continue in operational existence for the foreseeable future. The group continues to have the support of the directors, shareholders and creditors and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic has brought and will continue to bring, the directors feel that the group is well placed to negotiate the unique set of conditions currently facing the UK economy.

In reaching their conclusion, the directors have considered their cash flow from a period of 12 months from the date of sign off, the various financial support measures that have been announced by the UK government, and the availability of funding both externally and internally.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 profit or loss 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 Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.8 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website	-	20 % on cost
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KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.17 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets 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:

Freehold property	- 2% on cost
Long-term leasehold property	- 2% on cost
Plant and machinery	- between 12.5% and 25% on cost
Motor vehicles	- 25% on cost
Fixtures and fittings	- 25% on cost

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 profit or loss.

2.18 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.19 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.20 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 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.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated statement of comprehensive income.

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.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.23 Financial instruments (continued)

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 Group 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors consider the key accounting estimates to be provision for trade debtors, useful life and residual value of tangible fixed assets, provision for obsolete stock and carrying value of investments.

Provisions for trade debtors are reviewed by the directors on an ongoing basis who use their specific industry knowledge and experience to ensure the correct judgements.

The useful lives and residual values of tangible fixed assets are reviewed on an ongoing basis by the directors.

Provisions for obsolete stock are reviewed by the directors on an ongoing basis who use their specific industry knowledge and experience to ensure the correct judgements.

The carrying value of investment in subsidiary undertakings is reviewed for impairment on an ongoing basis.

4. Turnover

The whole of the turnover is attributable to the principal activities described in general information.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	28,863,519	34,626,430
Overseas	7,015,060	8,999,235
	<u>35,878,579</u>	<u>43,625,665</u>

KMF GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Other operating income

	2021	2020
	£	£
JRS Income Receivable	2,567,491	-
	2,567,491	-

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation on tangible fixed assets	2,069,746	2,111,656
Amortisation of intangible assets, including goodwill	3,837	3,337
Exchange differences	2,271	32,858
Other operating lease rentals	59,591	99,618
Defined contribution pension cost	438,472	484,900

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	30,250	30,250
Fees payable to the Group's auditor and its associates in respect of:		
All other services	26,761	29,793

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	11,517,441	13,629,974	-	-
Social security costs	768,722	1,017,815	-	-
Cost of defined contribution scheme	438,472	484,900	-	-
	<u>12,724,635</u>	<u>15,132,689</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Production	373	417	-	-
Administration	122	146	4	4
	<u>495</u>	<u>563</u>	<u>4</u>	<u>4</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	292,493	250,705
Company contributions to defined contribution pension schemes	20,000	959
	<u>312,493</u>	<u>251,664</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,000 (2020 - £209,000).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £10,000 (2020 - £NIL).

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Interest receivable

	2021 £	2020 £
Other interest receivable	171	850
	<u>171</u>	<u>850</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	142,593	201,816
Other loan interest payable	67,171	117,700
Finance leases and hire purchase contracts	101,556	133,130
	<u>311,320</u>	<u>452,646</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	573,302	139,000
Adjustments in respect of previous periods	(27,679)	6,652
	<u>545,623</u>	<u>145,652</u>
Total current tax	<u>545,623</u>	<u>145,652</u>
Deferred tax		
Origination and reversal of timing differences	9,429	(10,005)
Total deferred tax	<u>9,429</u>	<u>(10,005)</u>
Taxation on profit on ordinary activities	<u>555,052</u>	<u>135,647</u>

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	3,087,971	591,191
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	586,714	112,326
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	19
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(36,975)	46,239
Capital allowances for year in excess of depreciation	29,309	(33,415)
Tax losses	7,469	(19,827)
Adjustments to tax charge in respect of prior periods	(27,680)	6,652
Changes in provisions leading to an increase (decrease) in the tax charge	(4,481)	24,020
Other differences leading to an increase (decrease) in the tax charge	696	(367)
Total tax charge for the year	555,052	135,647

Factors that may affect future tax charges

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £Nil (2020 - £453).

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Intangible assets

Group and Company

	Website £
Cost	
At 1 April 2020	18,688
Additions	850
At 31 March 2021	<u>19,538</u>
Amortisation	
At 1 April 2020	6,013
Charge for the year on owned assets	3,837
At 31 March 2021	<u>9,850</u>
Net book value	
At 31 March 2021	<u><u>9,688</u></u>
At 31 March 2020	<u><u>12,675</u></u>

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 April 2020	10,846,402	1,817,796	18,723,532	382,089	10,327	31,780,146
Additions	-	-	1,199,649	7,200	-	1,206,849
Disposals	-	-	(653,978)	-	-	(653,978)
At 31 March 2021	10,846,402	1,817,796	19,269,203	389,289	10,327	32,333,017
Depreciation						
At 1 April 2020	1,719,845	117,734	11,531,978	194,621	9,906	13,574,084
Charge for the year on owned assets	173,628	29,076	1,794,921	71,700	421	2,069,746
Disposals	-	-	(245,572)	-	-	(245,572)
At 31 March 2021	1,893,473	146,810	13,081,327	266,321	10,327	15,398,258
Net book value						
At 31 March 2021	8,952,929	1,670,986	6,187,876	122,968	-	16,934,759
At 31 March 2020	9,126,557	1,700,062	7,191,554	187,468	421	18,206,062

KMF GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021	2020
	£	£
Plant and machinery	3,996,597	4,334,947
Motor vehicles	100,284	157,683
	<u>4,096,881</u>	<u>4,492,630</u>

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	8,026,355
At 31 March 2021	<u>8,026,355</u>

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
KMF Group Limited	Holding and investment property company	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
KMF Group Limited	8,452,444	876,144

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
KMF Precision Sheet Metal Limited	Ordinary	100%
KMF (Precision Sheet Metal) S.R.O	Ordinary	100%
KMF Precision Engineering Limited	Ordinary A, Ordinary B	100%
BETD Components Limited	Ordinary	100%
KMF Products Limited	Ordinary	100%

During the year ended 31 March 2021, KMF Group Limited acquired a further 12% shareholding in KMF Precision Engineering Limited, taking its total shareholding at the year end to 100%.

BETD Components Limited is exempt from audit by virtue of S479a of The Companies Act 2006. KMF Group Holdings Limited guarantees all outstanding liabilities to which the company is subject to as at 31 March 2021 until they are satisfied in full. The guarantee is enforceable against KMF Group Holdings Limited by any person to whom BETD Components Limited are liable in respect of those liabilities.

17. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	2,286,807	2,137,018
Work in progress	365,511	748,284
	<u>2,652,318</u>	<u>2,885,302</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

There has been no impairment loss recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	7,082,071	7,835,485	-	-
Other debtors	164,373	106,488	-	-
Called up share capital not paid	90	90	90	90
Prepayments and accrued income	614,014	585,684	-	-
	<u>7,860,548</u>	<u>8,527,747</u>	<u>90</u>	<u>90</u>

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	3,812,813	519,874	285,263	45,263
	<u>3,812,813</u>	<u>519,874</u>	<u>285,263</u>	<u>45,263</u>

KMF GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	706,000	706,000	-	-
Trade creditors	5,175,232	5,353,262	-	-
Amounts owed to group undertakings	-	-	4,684,821	4,304,821
Corporation tax	551,200	139,000	-	-
Other taxation and social security	1,237,477	943,901	-	-
Obligations under finance lease and hire purchase contracts	1,138,709	1,235,269	-	-
Proceeds of factored debts	2,468,714	3,818,626	-	-
Other creditors	882,536	1,027,249	879,602	1,019,602
Accruals and deferred income	1,399,334	2,153,710	-	-
	13,559,202	15,377,017	5,564,423	5,324,423

The following liabilities were secured:

	Group 2021 £	Company 2021 £
Obligations under finance lease and hire purchase contracts	1,138,709	1,235,269
Proceeds of factored debts	2,468,714	3,818,626
Bank loans	706,000	706,000
	4,313,423	5,759,895

Details of security provided:

The obligations under finance lease and hire purchase contracts are secured by charges over the assets acquired under relevant agreements.

Invoice financing is secured against trade debtors.

The company has a multilateral guarantee between KMF Group Holdings Limited, KMF Group Limited, KMF Precision Sheet Metal and KMF Precision Engineering Limited to secure certain of the bank borrowings. Security is given by way of a legal charge over the group's freehold property and a debenture over assets of the group.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

	Group 2021 £	<i>Group 2020 £</i>
Bank loans	7,007,641	6,111,935
Net obligations under finance leases and hire purchase contracts	1,460,681	1,947,162
Other creditors	6,937	-
	<u>8,475,259</u>	<u>8,059,097</u>

The following liabilities were secured:

	Group 2021 £	Company 2021 £
Bank loans	7,007,641	6,111,935
Net obligations under finance leases and hire purchase contracts	1,460,681	1,947,162
	<u>8,468,322</u>	<u>8,059,097</u>

Details of security provided:

The obligations under finance lease and hire purchase contracts are secured by charges over the assets acquired under relevant agreements.

The group has a multilateral guarantee between KMF Group Holdings Limited, KMF Group Limited, KMF Precision Sheet Metal and KMF Precision Engineering Limited to secure certain of the bank borrowings. Security is given by way of a legal charge over the group's freehold property and a debenture over assets of the group.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22. Loans

The bank loan is repayable in monthly instalments terminating during the year ending 31 March 2029. Interest is calculated at the rate of 1.95% over the base rate of HSBC Bank plc.

The base term loan is repayable in monthly instalments terminating during the year ending 31 March 2024. Interest is calculated at the rate of 2.45% over the base rate of HSBC Bank plc.

The base term loan is repayable in monthly instalments terminating during the year ending 31 March 2035. Interest is calculated at the rate of 2% over the base rate of HSBC Bank plc.

The base term loan is repayable in monthly instalments terminating during the year ending 31 March 2036. Interest is calculated at the rate of 2% over the base rate of HSBC Bank plc.

The bank loan is repayable in monthly instalments terminating during the year ending 31 March 2027. Interest is calculated at the rate of 3.99% over the base rate of HSBC Bank plc.

	Group 2021 £	Group 2020 £
Amounts falling due within one year		
Bank loans	706,000	706,000
	<u>706,000</u>	<u>706,000</u>
Amounts falling due 1-2 years		
Bank loans	1,006,000	706,000
	<u>1,006,000</u>	<u>706,000</u>
Amounts falling due 2-5 years		
Bank loans	2,374,000	1,750,000
	<u>2,374,000</u>	<u>1,750,000</u>
Amounts falling due after more than 5 years		
Bank loans	3,627,641	3,655,935
	<u>3,627,641</u>	<u>3,655,935</u>
	<u>7,713,641</u>	<u>6,817,935</u>

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £
Within one year	1,138,709	1,235,269
Between 1-5 years	1,460,681	1,947,162
	<u>2,599,390</u>	<u>3,182,431</u>

24. Deferred taxation

Group

	2021 £	2020 £
At beginning of year/on acquisition of subsidiary	319,052	329,057
Charged to profit or loss	9,429	(10,005)
At end of year	<u>328,481</u>	<u>319,052</u>

	Group 2021 £	Group 2020 £
Accelerated capital allowances	328,481	319,052
	<u>328,481</u>	<u>319,052</u>

25. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
500 Ordinary A shares of £0.10 each	50	50
1,000 Ordinary B shares of £0.10 each	100	100
	<u>150</u>	<u>150</u>

All classes of share capital carry full voting rights and no restriction on the distribution of dividends and the repayment of capital.

KMF GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

26. Reserves

Foreign exchange reserve

This reserve arises on the retranslation of the net assets or liabilities of the company's subsidiary undertakings.

Share premium reserve

Arises when a premium is paid for new shares above their nominal value.

27. Contingent liabilities

The company has a multilateral guarantee including KMF Group Holdings Limited, KMF Group Limited, KMF Precision Sheet Metal Limited and KMF Precision Engineering Limited to secure any borrowings. At the year end the net outstanding borrowings with HSBC Bank PLC were £4,083,363 (2020 - £6,372,844).

28. Pension commitments

The group operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £438,472 (2020 - £484,900). Included in creditors is an amount due to the schemes of £111,932 (2020 - £136,373).

29. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	35,610	58,104
Later than 1 year and not later than 5 years	20,267	65,672
	<u>55,877</u>	<u>123,776</u>

30. Related party transactions

The company has taken advantage of the exemption contained in Section 33 of Financial Reporting Standard 102 'Related Party Disclosures' from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group, and the company is included within the group accounts which are publicly available.

Included in creditors, amounts falling due within one year is a directors loan account balance amounting to £879,603 (2020 - £1,019,603).

31. Controlling party

KMF Group Holdings Limited is under the control of G M Higgins and his close family members who are interested in 100% of the issued share capital.