

MRO Plus Solutions Group Ltd

Registered number: 11105636

Annual report and financial statements

For the year ended 30 September 2020

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MRO PLUS SOLUTIONS GROUP LTD

COMPANY INFORMATION

Directors	R J Jones (resigned 9 April 2020) M Kerins D A Moore (resigned 8 July 2020) J M Naylor-Leyland I A Ritchie (resigned 26 November 2019) A Thaper (resigned 8 July 2020) B I G W Woods (resigned 31 May 2021) M J Cattell (appointed 30 January 2020) N Murray (appointed 8 July 2020) J A G Douglas (appointed 8 July 2020)
Registered number	11105636
Registered office	Flotech House Stuart Road Bredbury Stockport SK6 2SR
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

MRO PLUS SOLUTIONS GROUP LTD

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 9
Consolidated profit and loss account	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15 - 16
Analysis of net debt	17
Notes to the financial statements	18 - 41

MRO PLUS SOLUTIONS GROUP LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The Directors present their Strategic Report on MRO Plus Solutions Group Ltd ("the Company") for the year ended 30 September 2020.

Business review

The financial results for the year under review were below expectations due to difficult trading conditions resulting from the impact of the COVID pandemic, which has presented many challenges throughout the financial year. The health and wellbeing of our employees, alongside keeping the branches open, has been the key area of focus to ensure continued supply to many of the critical industries that we service.

The Directors have responded proactively throughout COVID which has positioned the Group well going into the next financial year:

- A restructuring exercise was carried out in March 2020 to match our resources to our activity levels, returning the Group to profitability from March 2020. The full benefit of the overhead reductions will not be realised until FY21. £479k has been charged to operating profit in relation to restructuring costs.
- The Group successfully completed a refinancing exercise in September 2020 creating additional liquidity of £0.9m.
- The product line offering has been expanded which delivered £1.5m of new revenue in FY20. Revenues were 3.7% down on the prior year (£22.4m FY20: £23.3m FY19) which has primarily been driven by the continued impact of the COVID pandemic. Many of the Groups' customers are experiencing regular production downtime caused by staff self-isolation issues, and have deferred significant capital projects into 2021 due to COVID restrictions and market uncertainty.

Financial key performance indicators

The Group has developed a range of KPI measures relevant to its needs and reports on them regularly. Relevant decisions and actions are taken based on the results which not only give actual performance but also give comparisons to previous periods and targets.

The key measures are shown below:

	2020	2019	Variance
Turnover	22,431	23,291	-3.7%
Gross Margin	28%	33%	-5.0%
Overheads	6,512	7,062	-550
EBITDA	-760	630	-1,390
Adjusted EBITDA*	-272	663	-935

* Adjusted EBITDA excludes foreign exchange differences, restructuring costs, costs relating to discontinued operations, profit or loss on sale of assets, costs associated with issue of share capital and amortisation of loan arrangement fees.

As a result of Directors' actions outlined above, and aligned with the market recovery as Covid-19 restrictions start to ease, Directors have visibility of EBITDA margins returning to high single digit percentage in FY September 2021.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Principal risks and uncertainties

The spread of COVID over recent months has created substantial market uncertainty. The Group has adopted a coordinated and proactive response, ensuring that all branches remain open, providing critical components to many key industries (e.g. Healthcare, Energy, Food Manufacturing).

There is clearly a lot of continued uncertainty around the impact of the virus on the economy over the coming months. The Group has seen a reduction in demand driven by customer production downtime and the deferral of capital projects into 2021. Other possible effects are potential customer failure, changes in consumer behaviour, availability of materials; and longer term, potential downturn in production and manufacturing volumes.

In terms of mitigation, the Group services many "key" industries and these are likely to remain resilient throughout the pandemic and has a diverse customer base across many end market sectors. The Group is strictly following local government and public health guidelines including social distancing measures at all sites. The Directors have performed a stress test on the business to confirm that it can continue to operate as a going concern. Further details are provided on page 19.

Foreign Exchange Rates

The Group does not generally sell products or services in a foreign currency but does purchase certain products in Euros, US Dollars and Swiss Francs. Formal hedging contracts are not entered into due to the relatively low level of exposure.

Economic and Political Unrest

The Group mainly trades in the UK albeit purchases certain products from Europe and the US. It monitors political and economic developments in the areas with which it trades in order that it is able to take appropriate action should it be deemed necessary.

Changes in law, regulation or decisions by government bodies

There are a wide range of laws, regulations and government bodies that impact on the way the Group trades, but they are all reported, closely monitored and taken seriously throughout the group, including at Director level.

Major failure of IT systems

The Group has recently invested in its IT systems and infrastructure and believes it has a robust, fit for purpose system that is regularly backed up and a contingency plan is in place for any unforeseen failures.

Going concern

As a result of the market uncertainty due to the ongoing COVID-19 pandemic, the Directors have performed a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. This involves assessing the headroom against available credit facilities in a stressed scenario. Under all scenarios, the Directors are confident in the availability of sufficient headroom.

As at the date of this report, the Directors have reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MRO PLUS SOLUTIONS GROUP LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Impact of the United Kingdom leaving the European Union

BREXIT has had a minimal impact on the Group during 2021 to date. We are reviewing and monitoring the impact of this on an ongoing basis.

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


Natalie Murray (Jun 23, 2021 10:06 GMT+)

N Murray
Director

Date: Jun 23, 2021

MRO PLUS SOLUTIONS GROUP LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their report and the financial statements for the year ended 30 September 2020.

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.

Principal activity

The principal activities of the Group are the supply of process instrumentation, valves & controls, pipes, fittings, flanges, gaskets, stud-bolts, fastenings and engineering consumables to organisations across the UK, serving them from 6 strategic locations around the country.

The Group has distribution agreements with a range of leading brands in the sector and works closely with both the manufacturers and end users to ensure the most effective solution is delivered by our industry leading sales engineers.

The principal activity of the Company is that of a holding company.

Results and dividends

The loss for the year, after taxation, amounted to £3,469,146 (2019 - loss £2,133,026).

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Directors

The Directors who served during the year were:

R J Jones (resigned 9 April 2020)
M Kerins
D A Moore (resigned 8 July 2020)
J M Naylor-Leyland
I A Ritchie (resigned 26 November 2019)
A Thaper (resigned 8 July 2020)
B I G W Woods (resigned 31 May 2021)
M J Cattell (appointed 30 January 2020)
N Murray (appointed 8 July 2020)
J A G Douglas (appointed 8 July 2020)

Matters covered in the Strategic Report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out certain information in the Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, including future developments of the business and all risk management policies.

Future developments

The Directors monitor internal processes, procedures and controls in order to mitigate risk wherever possible and continue to invest in any areas highlighted as requiring improvement.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Director's indemnity

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

MRO PLUS SOLUTIONS GROUP LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


Natalie Murray (Jun 23, 2021 10:06 GMT)

N Murray
Director

Date: Jun 23, 2021

MRO PLUS SOLUTIONS GROUP LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRO PLUS SOLUTIONS GROUP LTD

Opinion

We have audited the financial statements of MRO Plus Solutions Group Ltd (the 'Company') for the year ended 30 September 2020 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated statement of cash flows, the consolidated and Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRO PLUS SOLUTIONS GROUP LTD

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRO PLUS SOLUTIONS GROUP LTD

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 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Alistair Wesson (Jun 23, 2021 12:01 GMT+1)

Alistair Wesson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: Jun 23, 2021

MRO PLUS SOLUTIONS GROUP LTD

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	22,430,564	23,291,607
Cost of sales		(16,158,369)	(15,565,922)
Gross profit		<u>6,272,195</u>	<u>7,725,685</u>
Administrative expenses		(8,146,015)	(8,358,621)
Operating loss	5	<u>(1,873,820)</u>	<u>(632,936)</u>
Interest payable and expenses	9	(1,778,593)	(1,464,895)
Loss before taxation		<u>(3,652,413)</u>	<u>(2,097,831)</u>
Tax on loss	10	183,267	(35,195)
Loss for the financial year		<u><u>(3,469,146)</u></u>	<u><u>(2,133,026)</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>(3,469,146)</u></u>	<u><u>(2,133,026)</u></u>

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD
REGISTERED NUMBER: 11105636

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	8,087,115	10,374,424
Tangible assets	12	780,185	853,618
		<u>8,867,300</u>	<u>11,228,042</u>
Current assets			
Stocks	14	1,120,717	967,661
Debtors	15	4,387,391	4,815,371
Cash at bank and in hand	16	160,520	224,566
		<u>5,668,628</u>	<u>6,007,598</u>
Creditors: Amounts falling due within one year	17	(8,219,283)	(10,526,915)
Net current liabilities		<u>(2,550,655)</u>	<u>(4,519,317)</u>
Total assets less current liabilities		<u>6,316,645</u>	<u>6,708,725</u>
Creditors: Amounts falling due after more than one year	18	(12,069,240)	(8,945,613)
Provisions for liabilities			
Deferred taxation	22	-	(46,561)
Net liabilities		<u>(5,752,595)</u>	<u>(2,283,449)</u>
Capital and reserves			
Called up share capital	23	8,779	8,779
Share premium account	24	504,684	504,684
Profit and loss account	24	(6,266,058)	(2,796,912)
		<u>(5,752,595)</u>	<u>(2,283,449)</u>

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


Natalie Murray (Jun 23, 2021 10:06 GMT)

N Murray
Director

Date: Jun 23, 2021

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD
REGISTERED NUMBER: 11105636

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	13	2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors: Amounts falling due after more than one year	15	450,300	507,333
		<u>450,300</u>	<u>507,333</u>
Creditors: Amounts falling due within one year	17	(2)	(2)
		<u>(2)</u>	<u>(2)</u>
Net current assets		450,298	507,331
Net assets		<u>450,300</u>	<u>507,333</u>
Capital and reserves			
Called up share capital	23	8,779	8,779
Share premium account	24	504,684	504,684
Profit and loss account brought forward	24	(6,130)	-
Loss for the year	24	(57,033)	(6,130)
		<u>(63,163)</u>	<u>(6,130)</u>
Profit and loss account carried forward		(63,163)	(6,130)
		<u>450,300</u>	<u>507,333</u>

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

Natalie Murray
 Natalie Murray [Jun 23, 2021 10:06 GMT+1]

N Murray
 Director

Date: Jun 23, 2021

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	8,779	504,684	(2,796,912)	(2,283,449)
Comprehensive income for the year				
Loss for the year	-	-	(3,469,146)	(3,469,146)
Total comprehensive income for the year	-	-	(3,469,146)	(3,469,146)
Shares issued during the year	2,528	-	-	2,528
Shares cancelled during the year	(2,528)	-	-	(2,528)
Total transactions with owners	-	-	-	-
At 30 September 2020	8,779	504,684	(6,266,058)	(5,752,595)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	9,240	504,684	(663,886)	(149,962)
Comprehensive income for the year				
Loss for the year	-	-	(2,133,026)	(2,133,026)
Total comprehensive income for the year	-	-	(2,133,026)	(2,133,026)
Shares cancelled during the year	(461)	-	-	(461)
Total transactions with owners	(461)	-	-	(461)
At 30 September 2019	8,779	504,684	(2,796,912)	(2,283,449)

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	8,779	504,684	(6,130)	507,333
Comprehensive income for the year				
Loss for the year	-	-	(57,033)	(57,033)
	-	-	(57,033)	(57,033)
Total comprehensive income for the year				
Shares issued during the year	2,528	-	-	2,528
Shares cancelled during the year	(2,528)	-	-	(2,528)
	-	-	-	-
Total transactions with owners				
	-	-	-	-
At 30 September 2020	8,779	504,684	(63,163)	450,300

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	9,240	504,684	-	513,924
Comprehensive income for the year				
Loss for the year	-	-	(6,130)	(6,130)
	-	-	(6,130)	(6,130)
Total comprehensive income for the year				
Shares cancelled during the year	(461)	-	-	(461)
	(461)	-	-	(461)
Total transactions with owners				
	(461)	-	-	(461)
At 30 September 2019	8,779	504,684	(6,130)	507,333

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,469,146)	(2,133,026)
Adjustments for:		
Amortisation of intangible assets	944,975	1,158,978
Depreciation of tangible assets	168,437	103,614
Loss on disposal of tangible assets	1,819	-
Interest paid	1,778,593	1,464,895
Taxation charge	(183,267)	35,195
(Increase) in stocks	(153,056)	(179,186)
Decrease in debtors	564,686	2,691,459
Increase/(decrease) in creditors	48,474	(490,375)
Corporation tax (paid)	(2,103)	(140,526)
Deal fee amortisation	21,922	-
Net cash generated from operating activities	(278,666)	2,511,028
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(8,380)
Purchase of tangible fixed assets	(128,176)	(537,009)
Sale of tangible fixed assets	31,353	-
Purchase of subsidiaries	-	(4,961,450)
HP interest paid	(11,183)	-
Cash acquired	-	344,301
Net cash from investing activities	(108,006)	(5,162,538)
Cash flows from financing activities		
Purchase of ordinary shares	-	(461)
Change in invoice financing	(674,802)	1,246,041
New bank loans	1,500,000	1,000,000
Repayment of bank loans	(795,651)	(229,167)
New loan notes	500,000	1,000,000
Finance lease capital repayment	(28,656)	-
New finance lease	-	93,100
Deal costs	-	(271,648)
Interest paid	(142,970)	(120,566)
Net cash used in financing activities	357,921	2,717,299
Net (decrease)/increase in cash and cash equivalents	(28,751)	65,789

MRO PLUS SOLUTIONS GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Cash and cash equivalents at beginning of year	189,271	123,482
Cash and cash equivalents at the end of year	<u>160,520</u>	<u>189,271</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	160,520	224,566
Bank overdrafts	-	(35,295)
	<u>160,520</u>	<u>189,271</u>

The notes on pages 18 to 41 form part of these financial statements.

MRO PLUS SOLUTIONS GROUP LTD

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	At 1 October 2019 £	Cash flows £	Other non- cash changes £	At 30 September 2020 £
Cash at bank and in hand	224,566	(64,046)	-	160,520
Bank overdrafts	(35,295)	35,295	-	-
Debt due after 1 year	(8,488,837)	(3,495,552)	-	(11,984,389)
Debt due within 1 year	(3,747,499)	1,319,643	(3,297)	(2,431,153)
Finance leases	(189,137)	28,656	-	(160,481)
	<u>(12,236,202)</u>	<u>(2,176,004)</u>	<u>(3,297)</u>	<u>(14,415,503)</u>

The notes on pages 18 to 41 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

MRO Plus Solutions Group Ltd presents its financial statements for the year ended 30 September 2020.

The Company is a private Company, limited by shares and is registered in England. The Company registered number is 11105636 and the address of the registered office is Flotech House, Stuart Road, Bredbury, Stockport, England, SK6 2SR.

The principal activity of the Company is that of a holding company.

The principal activity of the Group is that of the supply of process instrumentation, valves & controls, pipes, fittings, flanges, gaskets, stud-bolts, fastenings and engineering consumables to organisation across the UK, serving them from 5 strategic locations around the country.

The presentation currency for the financial statements is Pounds Sterling (£) as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

A summary of the Group's accounting policies, which have been consistently applied, are set out below:

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 profit and loss account in these financial statements.

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

In preparing the financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures'; and
- from presenting a statement of cashflows, as required by Section 7 'Statement of Cash Flows'

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 balance sheet, 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 profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

As a result of the market uncertainty due to the ongoing COVID-19 pandemic, the Directors have performed a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. This involves assessing the headroom against available credit facilities in a stressed scenario. Under all scenarios, the Directors are confident in the availability of sufficient headroom.

As at the date of this report, the Directors have reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.

2.6 Operating leases

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

2.7 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.

2.8 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 profit and loss account 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.9 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.

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

Depreciation is provided on the following basis:

Improvements to property	-	2%
Long-term leasehold property	-	20%
Plant and machinery	-	10%
Motor vehicles	-	20%
Fixtures and fittings	-	15%
Office equipment	-	20%
Computer equipment	-	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 profit or loss.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 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.

At each balance sheet 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.13 Debtors

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

2.14 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, debtors and creditors. The Company has chosen where applicable to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues in full.

Financial assets - Classified as basic instruments

Financial assets are defined as cash or any asset from another entity, or a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The category of financial assets held by the Company comprise of amounts owed by group undertakings.

Debtors are assets with fixed or determinable payments that are not quoted on an active market, other than those that are categorised as financial assets at transaction value through profit and loss. These are initially recognised at the transaction price. At each Balance Sheet date, they are subsequently measured at amortised cost, with interest income recognised to profit and loss using the effective interest method.

Financial liabilities - Classified as basic instruments

Financial liabilities are defined as any liability that is contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. There are no financial liabilities held by the Company. Interest charges are recognised in profit and loss using the effective interest method. The only category of financial liability held by the Company is those measured at amortised cost using the effective interest method.

2.15 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.

2.16 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.17 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 balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 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 balance sheet 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 balance sheet.

2.19 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 balance sheet 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 balance sheet 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 balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Significant management judgements and key sources of estimation uncertainty

Preparation of the 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

There are no management judgements in applying the accounting policies of the organisation that have had a significant effect on the amounts recognised in the financial statements.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of intangible assets and tangible fixed assets

The annual amortisation/depreciation charge for intangible/tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Accounting Policy Note 2.8 and 2.9 for the useful economic lives for each class of assets.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Stock provision

Stock provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Stock provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Turnover

The whole of the turnover is attributable to the sale of goods.

	2020 £	2019 £
United Kingdom	22,051,963	22,905,171
Rest of Europe	329,102	332,920
Rest of the world	49,499	53,516
	<u>22,430,564</u>	<u>23,291,607</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Loss on disposal on tangible fixed assets	1,819	-
Exchange differences	19,994	33,116
Other operating lease rentals	510,587	460,232
Amortisation of intangible assets	944,975	1,158,978
Depreciation of tangible fixed assets	168,437	103,614
Defined contribution pension costs	<u>230,418</u>	<u>195,042</u>

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	37,250	32,960
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	9,250	7,463
All other services	13,125	3,300
Preparation of financial statements	6,500	6,185
Corporate finance services	39,375	28,500
	68,250	45,448

Audit and non-audit fees for the Company are borne by M J Wilson Group Limited, a wholly owned subsidiary company.

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	4,722,125	4,512,049	-	-
Social security costs	744,326	506,979	-	-
Cost of defined contribution scheme	230,418	195,042	-	-
	5,696,869	5,214,070	-	-

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

	2020 No.	2019 No.
Employees	118	105

The Company has no employees other than the Directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	489,606	578,690
Cost of defined contribution scheme	12,018	-
	<u>501,624</u>	<u>578,690</u>

During the year retirement benefits were accruing to 3 Directors (2019 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £117,232 (2019 - £208,454).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,597 (2019 - £NIL).

9. Interest payable and similar expenses

	2020	2019
	£	£
Loan note interest	1,603,935	1,319,512
Bank loan interest	25,450	67,436
Finance lease interest	11,183	6,727
Interest on invoice financing	138,025	71,220
	<u>1,778,593</u>	<u>1,464,895</u>

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	-	2,103
Adjustments in respect of previous periods	-	1,258
Total current tax	<u>-</u>	<u>3,361</u>
Deferred tax		
Origination and reversal of timing differences	(188,774)	31,834
Adjustments in respect of prior periods	26	-
Effect of tax rate change on opening balance	5,481	-
Total deferred tax	<u>(183,267)</u>	<u>31,834</u>
Taxation on loss on ordinary activities	<u>(183,267)</u>	<u>35,195</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(3,652,413)	(2,097,831)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(693,958)	(398,588)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	155,191	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,830	2,076
Fixed asset differences	27,097	203,607
Losses carried back	1,941	-
Adjustments to tax charge in respect of prior periods	26	(14,535)
Short term timing difference leading to a decrease in taxation	21	(69)
Other permanent differences	(14,898)	-
Adjust closing deferred tax to average rate	5,352	(5,475)
Deferred tax not recognised	324,131	248,179
Total tax charge for the year	(183,267)	35,195

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

11. Intangible assets**Group and Company**

	Patents £	Computer software £	Goodwill £	Total £
Cost				
At 1 October 2019	1,520	8,380	11,949,275	11,959,175
Adjustment to cost of a business combination	-	-	(1,342,334)	(1,342,334)
At 30 September 2020	1,520	8,380	10,606,941	10,616,841
Amortisation				
At 1 October 2019	221	-	1,584,530	1,584,751
Charge for the year	30	1,676	943,269	944,975
At 30 September 2020	251	1,676	2,527,799	2,529,726
Net book value				
At 30 September 2020	1,269	6,704	8,079,142	8,087,115
At 30 September 2019	1,299	8,380	10,364,745	10,374,424

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Tangible fixed assets

Group

	Long-term leasehold property & imprvmnts to property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost							
At 1 October 2019	225,088	244,500	278,927	36,871	155,467	25,969	966,822
Additions	23,383	56,338	43,860	-	320	4,275	128,176
Disposals	-	-	(58,674)	-	-	-	(58,674)
At 30 September 2020	<u>248,471</u>	<u>300,838</u>	<u>264,113</u>	<u>36,871</u>	<u>155,787</u>	<u>30,244</u>	<u>1,036,324</u>
Depreciation							
At 1 October 2019	12,497	41,490	41,857	(626)	16,560	1,426	113,204
Charge for the year	32,464	29,131	62,453	5,625	31,716	7,048	168,437
Disposals	-	-	(25,502)	-	-	-	(25,502)
At 30 September 2020	<u>44,961</u>	<u>70,621</u>	<u>78,808</u>	<u>4,999</u>	<u>48,276</u>	<u>8,474</u>	<u>256,139</u>
Net book value							
At 30 September 2020	<u>203,510</u>	<u>230,217</u>	<u>185,305</u>	<u>31,872</u>	<u>107,511</u>	<u>21,770</u>	<u>780,185</u>
At 30 September 2019	<u>212,591</u>	<u>203,010</u>	<u>237,070</u>	<u>37,497</u>	<u>138,907</u>	<u>24,543</u>	<u>853,618</u>

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tangible fixed assets (continued)

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

	2020 £	2019 £
Plant and machinery	17,445	32,508
Motor vehicles	161,833	204,260
	<u>179,278</u>	<u>236,768</u>

13. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 October 2019	2
At 30 September 2020	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
MRO Plus Solutions Midco Limited	Flotech House Stuart Road, Bredbury, Stockport, SK6 2SR	Ordinary	100%
MRO+ Solutions Limited*	Flotech House Stuart Road, Bredbury, Stockport, SK6 2SR	Ordinary	100%
M J Wilson Group Limited*	Flotech House Stuart Road, Bredbury, Stockport, SK6 2SR	Ordinary	100%
Support Instrumentation Limited*	Flotech House Stuart Road, Bredbury, Stockport, SK6 2SR	Ordinary	100%
Helix Tool Company Limited*	Unit 7 United Business Park, Lowfields Road, Leeds, West Yorkshire, LS12 6UB	Ordinary	100%

*denotes indirect subsidiary.

All of the above subsidiaries are included within these consolidated financial statements.

14. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	<u>1,120,717</u>	<u>967,661</u>	<u>-</u>	<u>-</u>

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

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts owed by group undertakings	-	-	450,300	507,333

Amounts owed by group undertakings is a loan to MRO+ Solutions Ltd totalling £450,300 (2019 - £507,333), which is interest free and repayable 12 months and 1 day after the balance sheet date.

	Group 2020 £	Group 2019 £
Trade debtors	3,831,304	4,420,898
Other debtors	38,879	51,398
Prepayments and accrued income	380,502	343,075
Deferred taxation	136,706	-
	4,387,391	4,815,371

16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	160,520	224,566	-	-
Less: bank overdrafts	-	(35,295)	-	-
	160,520	189,271	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	-	35,295	-	-
Bank loans	25,000	669,841	-	-
Proceeds of invoice financing	2,402,856	3,077,658	-	-
Trade creditors	3,383,193	3,498,417	-	-
Corporation tax	-	2,103	-	-
Other taxation and social security	1,078,222	511,866	-	-
Obligations under finance leases	75,630	32,361	-	-
Other creditors	221,568	237,539	2	2
Accruals and deferred income	1,032,814	2,461,835	-	-
	<u>8,219,283</u>	<u>10,526,915</u>	<u>2</u>	<u>2</u>

Secured Loans

The bank loan bears interest at commercial rates and has repayments commencing in September 2021 on a straight line basis until August 2026.

There is a cross guarantee and debenture for £27,700 between MRO Plus Solutions Midco Ltd, M J Wilson Group Limited, MRO+ Solutions Ltd, MRO Plus Solutions Group Ltd and Barclays Bank PLC dated 05/10/2018 securing a bank overdraft in Helix Tool Company Limited.

Proceeds of invoice financing are secured by a fixed and floating charge upon the trade debts owed to the Company which they relate to.

Obligations under finance lease agreements are secured on the relevant assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	1,421,160	-	-	-
Loan notes	10,563,229	8,488,837	-	-
Obligations under finance leases	84,851	156,776	-	-
Accruals and deferred income	-	300,000	-	-
	<u>12,069,240</u>	<u>8,945,613</u>	<u>-</u>	<u>-</u>

Loan notes of £500,000 were issued during the year. Interest accrues on the principal amount at a rate of 15% per annum, is rolled up to compound the loan and this is charged in full to the profit and loss account. The loan notes are redeemable in full in January 2025

Secured Loans

The bank loan bears interest at commercial rates and has repayments commencing in September 2021 on a straight line basis until August 2026.

Obligations under finance lease agreements are secured on the relevant assets.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group 2020 £	Group 2019 £
Bank loan repayable by instalments	1,424,238	-
Loan notes	<u>-</u>	<u>8,488,837</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

19. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank loans	25,000	669,841
Proceeds of invoice financing	2,402,856	3,077,658
	<u>2,427,856</u>	<u>3,747,499</u>
Amounts falling due 1-2 years		
Bank loans	300,000	-
Amounts falling due 2-5 years		
Bank loans	900,000	-
Loan notes	10,563,229	-
Amounts falling due after more than 5 years		
Bank loans	221,160	-
Loan notes	-	8,488,837
	<u>14,412,245</u>	<u>12,236,336</u>

20. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	75,630	32,361
Between 1-5 years	84,851	156,776
	<u>160,481</u>	<u>189,137</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at amortised cost	160,520	224,566	-	-
Financial assets that are debt instruments measured at amortised cost	3,870,183	4,420,898	450,300	507,333
	<u>4,030,703</u>	<u>4,645,464</u>	<u>450,300</u>	<u>507,333</u>
Financial liabilities				
Financial assets measured at amortised cost	<u>18,017,008</u>	<u>(16,005,587)</u>	<u>-</u>	<u>-</u>

Group

Financial assets measured at amortised cost comprises of bank, cash and deposit balances totalling £160,520 (2019 - £224,566).

Financial assets that are debt instruments measured at amortised cost comprises of trade debtors totalling £3,831,304 (2019 - £4,420,898) and other debtors totalling £38,879 (2019 - £Nil).

Financial liabilities that are debt instruments measured at amortised cost comprises of bank overdrafts totalling £Nil (2019 - £35,295), trade creditors totalling £3,383,193 (2019 - £3,498,417), proceeds of invoice financing totalling £2,402,856 (2019 - £3,077,658), other creditors totalling £221,568 (2019 - £235,539), bank loans totalling £1,446,160 (2019 - £669,841) and loan notes totalling £10,563,229 (2019 - £8,488,837).

Company

Financial assets that are debt instruments measured at amortised cost comprises of amounts owed by group undertakings totalling £450,300 (2019 - £507,333).

22. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(46,561)	(1,330)
Credited/(charged) to profit or loss	183,267	(31,834)
Arising on business combinations	-	(13,397)
At end of year	<u>136,706</u>	<u>(46,561)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

22. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	Group 2020 £	Group 2019 £
Fixed asset timing differences	(79,869)	(68,908)
Short term timing differences	12,715	6,490
Losses and other deductions	203,860	15,857
	<u>136,706</u>	<u>(46,561)</u>

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
420,059 (2019 - 425,000) Ordinary A shares of £0.01 each	4,200.59	4,250.00
62,573 (2019 - 62,573) Ordinary B shares of £0.07 each	4,380.11	4,380.11
4,941 (2019 - 4,941) Ordinary C shares of £0.03 each	148.23	148.23
5 (2019 - 23) Ordinary D shares of £0.01 each	0.05	0.23
4,959 (2019 - 0) Deferred shares of £0.01 each	49.59	-
	<u>8,778.57</u>	<u>8,778.57</u>

During the year the Company cancelled 36,113 Ordinary B shares and issued 36,113 Ordinary B shares.

During the year the Company designated 18 Ordinary D shares and 4,941 Ordinary A shares to 4,959 Deferred shares.

Ordinary A shares are entitled to attend and vote at general meetings of the Company. Dividends are distributed pari passu amongst the holders of the B and C shares.

Ordinary B shares are entitled to attend and vote at general meetings of the Company. Dividends are distributed pari passu amongst the holders of the A and C shares.

Ordinary C shares are not entitled to attend and vote at general meetings of the Company. Dividends are distributed pari passu amongst the holders of the A and C shares.

Ordinary D shares are not entitled to attend and vote at general meetings of the Company. Holders of the Ordinary D shares are not entitled to dividends.

Deferred shares are not entitled to attend and vote at general meetings of the Company. Holders of the Deferred shares are not entitled to dividends.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

24. Reserves**Share premium account**

The share premium account is a non-distributable reserve and represents the amount above the nominal value received for shares sold, less any transaction costs associated with the issuing of shares.

Profit and loss account

The profit and loss account represents cumulative profits and losses of the Company.

25. Pension commitments

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in independently administered funds. The pension cost charge of £230,418 (2019 - £195,042) represents contributions payable by the Group funds. Contributions totalling £23,652 (2019 - £17,888) were included within creditors at the period end and subsequently paid to the fund.

26. Commitments under operating leases

At 30 September 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Group		
Land and buildings		
Not later than 1 year	239,964	285,360
Later than 1 year and not later than 5 years	855,608	975,116
Later than 5 years	562,865	729,369
	<u>1,658,437</u>	<u>1,989,845</u>
	2020 £	2019 £
Other leases		
Not later than 1 year	78,272	33,626
Later than 1 year and not later than 5 years	34,092	131,145
	<u>112,364</u>	<u>164,771</u>

MRO PLUS SOLUTIONS GROUP LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

27. Related party transactions

MRO Plus Solutions Group Ltd has taken the exemption contained in Section 33 of FRS 102 - "Related Party Disclosures" and therefore has not disclosed transactions or balances with entities wholly owned by MRO Plus Solutions Group Ltd.

The Key Management Personnel of the Parent Company are deemed to be the Directors.

Included within creditors due after more than one year are loan notes amounting to £10,563,229 (2019 - £8,488,837) owed to Cairngorm Capital Partners LLP, the majority shareholder.

28. Controlling party

Funds advised by Cairngorm Capital Partners LLP have a majority shareholding in MRO Plus Solutions Group Ltd. Copies of the financial statements of Cairngorm Capital Partners LLP are available at their registered office at 3rd Floor, 22 Cross Keys Close, Marylebone, London, W1U 2DW.