

Company Registration No. SC075642 (Scotland)

PCT GROUP SALES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

PCT GROUP SALES LIMITED

COMPANY INFORMATION

Directors	Mr P R B Agnew Mr B H Lemond Mr W S Wilson
Company number	SC075642
Registered office	Dalsetter House 37 Dalsetter Avenue G15 8TE United Kingdom G15 8TE
Auditor	Azets Audit Services Titanium King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

PCT GROUP SALES LIMITED

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PCT GROUP SALES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Fair review of the business

The principal activity of the company is the manufacture, marketing, hire and development of equipment and consumables for the working and handling of metals and other materials.

Turnover declined by 1.9% in the year however, in light of the impact of Covid this level of decrease is deemed acceptable. On the face of it the gross profit percentage reduced by 6% to 47%, however, after taking account of furlough receipts the adjusted gross profit percentage was actually closer to 48%, with the reduction of 5% reflecting a conscious move into the renewals sector and back into the nuclear sector and away, temporarily, from oil and gas. This move was designed to reflect an anticipated reduction in oil and gas orders in the short term and open new or re-open old market sectors thus spreading risk. Since the year end the company has been awarded further supply contracts in those areas at improved margins.

Action taken by management on reducing overheads continued throughout the year and coupled with the change in business mix lead to a further significant reduction in distribution and administrative overheads which, after recognising furlough receipts, more than compensated for the reduction in turnover and margin, leaving operating profit 10.6% higher than 2019, at £855,390.

Management focus on overhead reduction continues.

Principal risks and uncertainties

Foreign currency risk

The company is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions are naturally hedged by the company transacting both income and expenditure in the major foreign currencies, thereby matching exchange risk as best possible.

Credit risk

The company is exposed to credit related losses in the event of non performance by transaction counterparties, but mitigates such risk through its policy of only selecting counterparties with high credit ratings.

Liquidity risk

Operations are financed by a mixture of shareholders funds and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

Cash flow risk

The company's policy is to arrange bank overdrafts with a floating rate of interest plus an agreed margin.

Global pandemic

Following the global outbreak of the COVID-19 virus subsequent to the year end, the company is exposed to the following risks:

- A fall in revenue and decreased cash flow due to a lower general economic activity worldwide.
- Interruption to operations due to an absence of staff for a period either due to contracting the virus or measures taken to contain an outbreak.

The company is following government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and risk to staff is mitigated. The company continues to communicate regularly with its staff, its suppliers and customers as Government advice develops.

Although it is not possible to estimate the length or severity of the outbreak going forward, at the date of signing, the directors consider the company to have sufficient resources to remain a going concern.

PCT GROUP SALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

Turnover decreased by 1.9% in the year to £10,083,732 (2019: £10,281,982). Gross profit % is 47% (2019: 53%). Profit before tax was £631,127 (2019: £582,052).

The directors consider turnover and GP% to be the key performance indicators.

On behalf of the board

Mr P R B Agnew
Director

14 March 2022

PCT GROUP SALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PCT GROUP SALES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Branches

The company has four branches, one based in Scotland, two based in England, and the other in the United Arab Emirates.

Directors

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

Mr P R B Agnew

Mr B H Lemond

Mr W S Wilson

Mr W Agnew

(Resigned 15 April 2021)

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

Subsequent to the year end the COVID-19 pandemic had a significant impact on the company. Details can be found within the notes to the financial statements.

Auditor

The auditor, Azets Audit Services, deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Campbell Dallas Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

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

On behalf of the board

Mr P R B Agnew

Director

14 March 2022

PCT GROUP SALES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PCT GROUP SALES LIMITED

Opinion

We have audited the financial statements of PCT Group Sales Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

PCT GROUP SALES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PCT GROUP SALES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

Donald Boyd (Senior Statutory Auditor)
for and on behalf of

14 March 2022

Accountants
Statutory Auditor

PCT GROUP SALES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	10,083,732	10,281,982
Cost of sales		(5,315,181)	(4,802,508)
Gross profit		<u>4,768,551</u>	<u>5,479,474</u>
Distribution costs		(87,283)	(194,521)
Administrative expenses		(4,142,926)	(4,640,449)
Other operating income		317,048	129,000
Operating profit	4	<u>855,390</u>	<u>773,504</u>
Interest receivable and similar income	7	-	2,113
Interest payable and similar expenses	8	(250,588)	(193,565)
Amounts written off investments	9	26,325	-
Profit before taxation		<u>631,127</u>	<u>582,052</u>
Tax on profit	10	(124,160)	(102,170)
Profit for the financial year		<u><u>506,967</u></u>	<u><u>479,882</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PCT GROUP SALES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	506,967	479,882
Other comprehensive income		
Currency translation differences	(70,159)	(144,388)
Total comprehensive income for the year	<u>436,808</u>	<u>335,494</u>

PCT GROUP SALES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		1,431,560		1,537,674
Current assets					
Stocks	13	5,526,313		5,357,085	
Debtors	14	9,760,784		9,379,563	
Cash at bank and in hand		3,259		4,819	
		<u>15,290,356</u>		<u>14,741,467</u>	
Creditors: amounts falling due within one year	15	<u>(6,712,917)</u>		<u>(6,722,046)</u>	
Net current assets			8,577,439		8,019,421
Total assets less current liabilities			<u>10,008,999</u>		<u>9,557,095</u>
Creditors: amounts falling due after more than one year	16		(114,680)		(95,941)
Provisions for liabilities					
Deferred tax liability	19	136,815		140,458	
		<u>(136,815)</u>		<u>(140,458)</u>	
Net assets			<u>9,757,504</u>		<u>9,320,696</u>
Capital and reserves					
Called up share capital	21		1,041,666		1,041,666
Other reserves	22		124,567		124,567
Profit and loss reserves	23		8,591,271		8,154,463
Total equity			<u>9,757,504</u>		<u>9,320,696</u>

The financial statements were approved by the board of directors and authorised for issue on 14 March 2022 and are signed on its behalf by:

Mr P R B Agnew
Director

Company Registration No. SC075642

PCT GROUP SALES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	1,041,666	124,567	7,818,969	8,985,202
Year ended 31 December 2019:				
Profit for the year	-	-	479,882	479,882
Other comprehensive income:				
Currency translation differences	-	-	(144,388)	(144,388)
Total comprehensive income for the year	-	-	335,494	335,494
Balance at 31 December 2019	1,041,666	124,567	8,154,463	9,320,696
Year ended 31 December 2020:				
Profit for the year	-	-	506,967	506,967
Other comprehensive income:				
Currency translation differences	-	-	(70,159)	(70,159)
Total comprehensive income for the year	-	-	436,808	436,808
Balance at 31 December 2020	1,041,666	124,567	8,591,271	9,757,504

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

PCT Group Sales Limited is a private company limited by shares incorporated in Scotland. The registered office is Dalsetter House, 37 Dalsetter Avenue, Glasgow, United Kingdom, G15 8TE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Oakenash Group Limited. These consolidated financial statements are available from its registered office, 37 Dalsetter Avenue, Glasgow, G15 8TE.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

In satisfaction of this responsibility the directors have considered the company's ability to meet its liabilities as they fall due. This assessment considers the company's principal risks, including those in respect of COVID-19, and is dependant on a number of factors including financial performance and access to funding facilities.

The company pays special attention to the COVID-19 pandemic and the associated impact on the business, which is detailed within risks and uncertainties in the Strategic Report. The risks include:

- A fall in revenue and decreased cashflow due to lower general economic activity worldwide
- Interruption to operations due to an absence of staff for a period due to either contracting the virus or measures taken to contain an outbreak.

In response to the pandemic, the company have taken advantage of government support measures where available and managed its working capital and cash flow closely to ensure it maintained sufficient financial resources at all times.

The current and future financial position of the company, its cash flow and liquidity position has been reviewed by the directors. The directors are confident that the existing funding facilities and support will provide sufficient headroom to meet the forecast cash requirements having considered any additional requirements from a downturn in activity specifically in relation to the COVID-19 pandemic. As such, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In respect of long term contracts and contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for ongoing services is recognised by reference to the stage of completion.

1.4 Intangible fixed assets other than goodwill

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

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

Development costs 25% Straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	5% on cost
Plant and equipment	5% - 10% on cost
Fixtures and fittings	5% - 10% on cost
Motor vehicles	20% on reducing balance

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Where there is a significant element of design and pre-tender costs associated with a project, work in progress includes a percentage of contracted orders. These costs are expensed over the length of the applicable project.

1.8 Financial instruments

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

The preparation of Financial Statements required management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgements

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

Work in progress

The company estimates work in progress. This is based upon an estimate of time invested in the company order book and an estimate of accrued income based on costs incurred and stage of completion.

Contract costs are recognised as an expense in the period to which they relate.

3 Turnover and other revenue

Grants received	188,048	-
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	3,297,723	1,769,858
Europe	498,409	693,944
Asia	1,492,523	2,660,898
Middle East	4,466,014	5,009,099
Rest of World	51,132	106,000
America	277,931	42,183
	10,083,732	10,281,982

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	44,568	(98)
Government grants	(188,048)	-
Fees payable to the company's auditor for the audit of the company's financial statements	37,500	37,184
Depreciation of owned tangible fixed assets	91,889	87,791
Depreciation of tangible fixed assets held under finance leases	52,644	64,864
Loss on disposal of tangible fixed assets	15,844	1,472
Operating lease charges	508,251	483,301

5 Employees

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

	2020	2019
	Number	Number
Production Staff	43	37
Distribution Staff	21	26
Administrative Staff	25	30
Total	89	93

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	2,938,540	3,406,682
Social security costs	197,235	201,963
Pension costs	67,128	78,961
	3,202,903	3,687,606

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	110,000	110,000
Company pension contributions to defined contribution schemes	12,500	12,500
	122,500	122,500

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	-	2,113
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	247,478	184,282
Interest on finance leases and hire purchase contracts	3,110	9,283
	<u> </u>	<u> </u>
	250,588	193,565
	<u> </u>	<u> </u>

9 Amounts written off investments

	2020	2019
	£	£
Amounts written back to current loans	26,325	-
	<u> </u>	<u> </u>

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	127,803	117,035
Adjustments in respect of prior periods	-	(6,361)
	<u> </u>	<u> </u>
Total current tax	127,803	110,674
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(3,643)	(8,504)
	<u> </u>	<u> </u>
Total tax charge	124,160	102,170
	<u> </u>	<u> </u>

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	631,127	582,052
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	119,914	110,590
Tax effect of expenses that are not deductible in determining taxable profit	1,140	1,156
Adjustments in respect of prior years	-	(6,361)
Depreciation on assets not qualifying for tax allowances	27,461	9,021
Other non-reversing timing differences	(24,355)	(12,236)
Taxation charge for the year	124,160	102,170

11 Intangible fixed assets

Development
costs
£

Cost

At 1 January 2020 and 31 December 2020

234,721

Amortisation and impairment

At 1 January 2020 and 31 December 2020

234,721

Carrying amount

At 31 December 2020

-

At 31 December 2019

-

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2020	284,450	5,460,905	421,481	770,042	6,936,878
Additions	-	7,071	4,505	136,568	148,144
Disposals	-	-	(12,727)	(179,546)	(192,273)
Exchange adjustments	-	(5,781)	(3,316)	(7,443)	(16,540)
At 31 December 2020	284,450	5,462,195	409,943	719,621	6,876,209
Depreciation and impairment					
At 1 January 2020	236,991	4,225,514	394,484	542,215	5,399,204
Depreciation charged in the year	8,926	84,314	11,587	39,706	144,533
Eliminated in respect of disposals	-	-	(12,727)	(70,919)	(83,646)
Exchange adjustments	-	(5,630)	(2,790)	(7,022)	(15,442)
At 31 December 2020	245,917	4,304,198	390,554	503,980	5,444,649
Carrying amount					
At 31 December 2020	38,533	1,157,997	19,389	215,641	1,431,560
At 31 December 2019	47,459	1,235,391	26,997	227,827	1,537,674

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

	2020 £	2019 £
Plant and equipment	204,000	292,367
Motor vehicles	122,759	160,129
	326,759	452,496

13 Stocks

	2020 £	2019 £
Work in progress	2,233,478	2,142,622
Finished goods and goods for resale	3,292,835	3,214,463
	5,526,313	5,357,085

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	2,124,319	2,884,504
Amounts owed by group undertakings	3,061,003	2,335,868
Other debtors	4,367,523	3,905,224
Prepayments and accrued income	207,939	253,967
	<u>9,760,784</u>	<u>9,379,563</u>

15 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	3,089,307	3,333,864
Obligations under finance leases	18	54,991	110,714
Trade creditors		1,897,737	2,068,255
Amounts owed to group undertakings		519,293	518,118
Corporation tax		330,811	203,008
Other taxation and social security		225,245	62,703
Other creditors		473,173	361,312
Accruals and deferred income		122,360	64,072
		<u>6,712,917</u>	<u>6,722,046</u>

16 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Obligations under finance leases	18	114,680	95,941
		<u>114,680</u>	<u>95,941</u>

17 Loans and overdrafts

	2020	2019
	£	£
Bank loans	-	327,918
Bank overdrafts	3,089,307	3,005,946
	<u>3,089,307</u>	<u>3,333,864</u>
Payable within one year	3,089,307	3,333,864
	<u>3,089,307</u>	<u>3,333,864</u>

Bank borrowings are secured by a floating charge over the assets and undertakings of the company and a cross guarantee with its parent undertaking and fellow subsidiary companies.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	54,991	110,714
In two to five years	114,680	95,941
	<u>169,671</u>	<u>206,655</u>

19 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	<u>136,815</u>	<u>140,458</u>
Movements in the year:		2020
		£
Liability at 1 January 2020		140,458
Credit to profit or loss		(3,643)
Liability at 31 December 2020		<u>136,815</u>

20 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>67,128</u>	<u>78,961</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>1,041,666</u>	<u>1,041,666</u>	<u>1,041,666</u>	<u>1,041,666</u>

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Other reserves

	£
At the beginning of the prior year	124,567
At the end of the prior year	124,567
At the end of the current year	124,567

23 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	8,154,463	7,818,969
Profit for the year	506,967	479,882
Currency translation differences	(70,159)	(144,388)
At the end of the year	8,591,271	8,154,463

24 Financial commitments, guarantees and contingent liabilities

The company has unlimited cross guarantees with Oakenash Group Limited and other group companies. At 31 December 2020 the bank borrowings of the group amounted to £3,089,087 (2019: £3,333,864).

The company has a contingent employee liability under Dubai law, arising only in the event of such employees employment being terminated of £266,508 (2019: £394,598).

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, motor vehicles and equipment.

Operating leases in respect of motor vehicles and equipment have an average term of 3 years, monthly rentals are fixed for that period.

Operating leases in respect of the property expires in January 2036. The rentals are fixed for an average of 5 years when the rent payable is under review.

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

	2020 £	2019 £
Within one year	237,385	225,000
Between two and five years	893,832	881,000
In over five years	1,991,667	2,216,667
	<u>3,122,884</u>	<u>3,322,667</u>

26 Events after the reporting date

Disclosure with regards to the impact of COVID-19 pandemic can be seen in note 1.2 to the financial statements.

27 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

At 31 December 2020 the company was owed £2,272,565 (2019: £2,228,606) due from an associate company of Oakenash Group Limited. The balance is included in other debtors due within one year. The company purchased £10,662 (2019: £35,220) of goods and services from that company.

Also included within other debtors due within one year are loans of £208,583 (2019: £375,460) due from companies under common directorship.

At 31 December 2020, the company owed £440,600 (2019: £442,760) to a company under common directorship and control. The balance at the year end is included within other creditors due within one year. The company incurred rental charges of £193,368 (2019: £193,362) and received income of £129,000 (2019: £100,000) from that company.

At 31 December 2020, the company is owed from directors £69,906 (2019: £2,545). These balances are repayable on demand and do not bear interest.

PCT GROUP SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Ultimate controlling party

The parent company of PCT Group Sales Limited is Oakenash Group Limited, a company registered in Scotland (registered number SC169961). Its registered office address is 37 Dalsetter Avenue, Glasgow, G15 8TE.

The financial statements of the company are consolidated into the financial statements of Oakenash Group Limited, this is the smallest and largest group in which the company is included. The consolidated financial statements of Oakenash Group Limited can be obtained from its registered office, 37 Dalsetter Avenue, Glasgow, G15 8TE.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.