

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020
FOR
EMS INDUSTRIES LIMITED

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FOR THE YEAR ENDED 31 JULY 2020**

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**STATEMENT OF FINANCIAL POSITION
31 JULY 2020**

	Notes	31.7.20 £	31.7.19 £
FIXED ASSETS			
Intangible assets	5	-	-
Tangible assets	6	<u>108,584</u>	<u>137,234</u>
		<u>108,584</u>	<u>137,234</u>
CURRENT ASSETS			
Stocks		768,135	1,035,990
Debtors	7	768,681	985,415
Cash at bank and in hand		<u>405,485</u>	<u>157,761</u>
		1,942,301	2,179,166
CREDITORS			
Amounts falling due within one year	8	<u>(667,940)</u>	<u>(1,031,227)</u>
NET CURRENT ASSETS		<u>1,274,361</u>	<u>1,147,939</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,382,945	1,285,173
CREDITORS			
Amounts falling due after more than one year	9	(8,017)	(14,955)
PROVISIONS FOR LIABILITIES		<u>(37,000)</u>	<u>(37,000)</u>
NET ASSETS		<u>1,337,928</u>	<u>1,233,218</u>
CAPITAL AND RESERVES			
Called up share capital		200,000	200,000
Retained earnings		<u>1,137,928</u>	<u>1,033,218</u>
		<u>1,337,928</u>	<u>1,233,218</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2021 and were signed on its behalf by:

C Melvin - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

1. STATUTORY INFORMATION

EMS INDUSTRIES LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address are as below:

Registered number: 03063438

Registered office: 7 Tunstall Road Industrial Est
Knypersley
Stoke-On-Trent
Staffordshire
ST8 7BD

The principal activity of the company continued to be that of engineering and servicing of machinery.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

As described in the accounting policies of the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take in to account actual asset lives and residual values as evidenced by disposals during current and prior accounting periods.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2020**

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	-	straight line over the life of the lease
Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	25% on cost

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2020**
2. ACCOUNTING POLICIES - continued
Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Employee benefits

The company provides a range of benefits to employees.

Short term benefits, including holiday pay, are recognised as an expenses in the profit and loss account in the period in which they are incurred.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 26 (2019 - 27) .

4. AUDITORS' REMUNERATION

	31.7.20	31.7.19
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>9,501</u>	<u>7,760</u>

5. INTANGIBLE FIXED ASSETS
COST

At 1 August 2019
and 31 July 2020

AMORTISATION

At 1 August 2019
and 31 July 2020

NET BOOK VALUE

At 31 July 2020

At 31 July 2019

Goodwill
£

22,740

22,740

-

-

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2020**
6. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 August 2019	38,855	223,219	146,287	171,372	579,733
Additions	-	15,571	7,119	812	23,502
Disposals	-	(21,279)	(40,403)	-	(61,682)
At 31 July 2020	<u>38,855</u>	<u>217,511</u>	<u>113,003</u>	<u>172,184</u>	<u>541,553</u>
DEPRECIATION					
At 1 August 2019	38,623	170,044	116,446	117,386	442,499
Charge for year	231	17,758	11,420	22,609	52,018
Eliminated on disposal	-	(21,279)	(40,269)	-	(61,548)
At 31 July 2020	<u>38,854</u>	<u>166,523</u>	<u>87,597</u>	<u>139,995</u>	<u>432,969</u>
NET BOOK VALUE					
At 31 July 2020	<u>1</u>	<u>50,988</u>	<u>25,406</u>	<u>32,189</u>	<u>108,584</u>
At 31 July 2019	<u>232</u>	<u>53,175</u>	<u>29,841</u>	<u>53,986</u>	<u>137,234</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.20	31.7.19
	£	£
Trade debtors	350,213	843,376
Amounts owed by group undertakings	323,577	-
Other debtors	520	8,236
Corporation tax repayable	43,974	43,974
Prepayments	50,397	89,829
	<u>768,681</u>	<u>985,415</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.20	31.7.19
	£	£
Hire purchase contracts	17,830	26,828
Trade creditors	335,622	730,633
Amounts owed to group undertakings	-	11,330
Tax	46,627	-
Social security and other taxes	16,138	19,127
VAT	60,473	20,270
Other creditors	2,703	2,267
Accruals and deferred income	188,547	220,772
	<u>667,940</u>	<u>1,031,227</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2020**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

A composite guarantee dated 27 January 2003 exists between the company and its parent company, EMS Industrial Holdings Limited.

There is also an unscheduled mortgage debenture dated 27 January 2003 incorporating a fixed and floating charge over all current and future assets of the company.

Net obligations under finance leases and hire purchase contracts are secured by fixed charges on the assets concerned.

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.7.20	31.7.19
	£	£
Hire purchase contracts	<u>8,017</u>	<u>14,955</u>

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Valerie Wood (Senior Statutory Auditor)
for and on behalf of DPC Accountants Ltd

11. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

12. EVENTS AFTER THE END OF THE REPORTING PERIOD

Following preparation of these accounts, on 11 March 2020 the World Health Organisation declared the global coronavirus outbreak to be a pandemic and the United Kingdom implemented lockdown measures on 23 March 2020. As a result, some business operations have been restricted, however the company has managed to continue to trade by adapting to these changes. Supply has barely been affected and the Company has continued to trade profitably throughout the UK lockdown, albeit at a reduced level.

The directors are not able to calculate the overall financial impact that the pandemic will have on the company at present and they continue to monitor, evaluate and react to the ever-changing environment to enable the company to continue to trade.

There were no other material events up to the date of approval of the financial statements by the Board.

13. CONTROLLING PARTY

The ultimate parent undertaking is EMS Industrial Holdings Limited, a company incorporated in England and Wales.