

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
PALACE SCENERY LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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PALACE SCENERY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS: Mr J J Bohan
Mr S P Bohan

SECRETARY: Mr J J Bohan

REGISTERED OFFICE: Units 13 & 14, Sycamore Court
Royal Oak Yard
156-170 Bermondsey Street
London
SE1 3TQ

REGISTERED NUMBER: 02898874 (England and Wales)

SENIOR STATUTORY AUDITOR: Mr Anthony Brain

AUDITORS: CG LEE Limited
Chartered Certified Accountants
Statutory Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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

REVIEW OF BUSINESS

During the year under review the company continued to work in the film industry, designing and building sets for major films. The company has built up its business over the years as a reputable company, not only in constructing film sets, but also providing the behind-the-camera workforce for the film production company.

The Directors are pleased with the results and financial position of the company for the year. The turnover has more than doubled on the previous year, with the margins reduced slightly, although within expectations.

The company has continued to purchase new plant and machinery, with the Balance Sheet showing a steady growth year on year, reflecting a strong asset base.

FUTURE OUTLOOK

The company has a number of film projects lined up for 2020/21, although with the interruption as a result of Covid-19 in March, all filming shut down for three months. The company has since then been actively engaged in building Covid-19 secure studio facilities prior to the recommencement of filming. As a result of travel restrictions in 2020 the Directors anticipate additional construction work required in the UK. Whilst there has been a 3 month break in work in 2020, the current year's film projects should ensure the year is a reasonable year.

COVID-19 PANDEMIC

The outbreak of the coronavirus disease Covid-19 before the the balance sheet date has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of self-imposed quarantine periods, social distancing and travel bans, have caused material disruption to business globally resulting in an economic slowdown.

The duration and impact of the Covid-19 outbreak is unknown at this time, as is the efficacy of the UK government and fiscal interventions designed to stabilise economic conditions. As a result it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and results of the company in future periods.

Management have remodelled forecasts and performed sensitivity analysis to review the potential impact of Covid-19 on the business and as a result the directors are as confident as they can be at this time that the company is well placed to meet its liabilities as they fall due and that the company will continue to operate as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The company monitors cash flow as part of its day to day control procedures. Regular consideration of the company's future cash flows ensures that the company operates within funding available to it. The company's principal risk is that large budget film production, and funding for it, is reduced in the UK. In order to mitigate the impact of possible reduction in film production the company has very flexible contracts with both employees and subcontractors and is able to substantially reduce costs in the short term.

The principal risks facing the company include:

Liquidity risk

Liquidity risk refers to the risk the company is unable to meet its short-term obligations and this arises from the possibility that customers may not be able to settle their obligations within normal terms of trade. The directors consider there are sufficient resources to maintain robust liquidity should the company have a sudden downturn in sales. The company reviews its working capital requirements on a regular basis to ensure it meets the needs of the growing

business.

Credit risk

The company sells to most of its customers on customary credit terms and is, as a result, exposed to the usual credit risk and cash flow risk associated with this form of trading.

Operational health and safety

Failure to maintain a trained workforce could adversely affect the company, and consequently health and safety is reviewed on a regular basis.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Tax Breaks

The UK film industry continues to benefit from film tax relief for films made in the UK. Should the government withdraw this relief there could be a significant reduction in films made in the UK. The directors are fully aware of this and the company has flexible contracts with employees and subcontractors which should enable the company to reduce its costs significantly in the short term.

Interest risk

The company has no significant non trading debts and as such the directors feel that interest rate risk is minimal.

ON BEHALF OF THE BOARD:

Mr J J Bohan - Director

23 September 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of construction of film sets and consultancy services for cinema and television productions.

DIVIDENDS

The company paid dividends of £122,000 during the year.

FUTURE DEVELOPMENTS

The directors consider the future developments of the company are covered in the Future Outlook Section of the Strategic Report.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mr J J Bohan
Mr S P Bohan

GOING CONCERN

At the date of approval of the accounts, the UK is experiencing high levels of economic, social and political uncertainty surrounding Covid-19. As such, in assessing the company's ability to adopt the going concern basis in preparation of the financial statements, the directors have considered the financial impact that Covid-19 may have on the business.

As part of this assessment, the directors have taken into account the expected business activity levels in light of Covid-19. The directors will continue to monitor the situation closely, but at the date of signing the accounts, given the current cash position of the company and the capacity to raise funds to mitigate the impact of any issues arising, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have therefore prepared the financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT

The directors consider the Financial Risk Management of the company is covered under the Principal Risks and Uncertainties section of the Strategic Report.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487 of the Companies Act 2006, C G LEE Limited will be deemed to have been reappointed as auditors

28 days after these financial statements were sent to members, or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

ON BEHALF OF THE BOARD:

Mr J J Bohan - Director

23 September 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PALACE SCENERY LIMITED (REGISTERED NUMBER: 02898874)**

Opinion

We have audited the financial statements of Palace Scenery Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' responsibilities for the audit of the financial statements

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

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 a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Anthony Brain (Senior Statutory Auditor)
for and on behalf of CG LEE Limited
Chartered Certified Accountants
Statutory Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

23 September 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER		20,227,030	8,791,701
Cost of sales		<u>18,281,716</u>	<u>7,535,218</u>
GROSS PROFIT		1,945,314	1,256,483
Administrative expenses		<u>777,945</u>	<u>401,346</u>
		1,167,369	855,137
Other operating income		129,861	108,611
Gain on revaluation of investment property		-	<u>779,679</u>
OPERATING PROFIT	5	<u>1,297,230</u>	1,743,427
Interest receivable and similar income		<u>33,662</u>	<u>39,145</u>
PROFIT BEFORE TAXATION		1,330,892	1,782,572
Tax on profit	6	<u>259,268</u>	<u>325,597</u>
PROFIT FOR THE FINANCIAL YEAR		1,071,624	1,456,975
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,071,624</u>	<u>1,456,975</u>

BALANCE SHEET
31 MARCH 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		544,613		325,241
Investment property	9		<u>2,704,846</u>		<u>2,704,846</u>
			<u>3,249,459</u>		<u>3,030,087</u>
CURRENT ASSETS					
Debtors	10	960,047		1,865,504	
Cash at bank		<u>6,528,885</u>		<u>5,367,425</u>	
		<u>7,488,932</u>		<u>7,232,929</u>	
CREDITORS					
Amounts falling due within one year	11	<u>492,774</u>		<u>1,018,337</u>	
NET CURRENT ASSETS			<u>6,996,158</u>		<u>6,214,592</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,245,617		9,244,679
PROVISIONS FOR LIABILITIES	13		<u>233,408</u>		<u>182,094</u>
NET ASSETS			<u><u>10,012,209</u></u>		<u><u>9,062,585</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		200		200
Fair value reserve	15		647,134		647,134
Retained earnings	15		<u>9,364,875</u>		<u>8,415,251</u>
SHAREHOLDERS' FUNDS			<u><u>10,012,209</u></u>		<u><u>9,062,585</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 September 2020 and were signed on its behalf by:

Mr J J Bohan - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Fair value reserve £	Total equity £
Balance at 1 April 2018	200	7,705,410	-	7,705,610
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	1,456,975	-	1,456,975
Transfer fair value movement on investment property	-	(779,679)	779,679	-
Transfer deferred tax on fair value movement	-	132,545	(132,545)	-
Balance at 31 March 2019	<u>200</u>	<u>8,415,251</u>	<u>647,134</u>	<u>9,062,585</u>
Changes in equity				
Dividends	-	(122,000)	-	(122,000)
Total comprehensive income	-	1,071,624	-	1,071,624
Balance at 31 March 2020	<u><u>200</u></u>	<u><u>9,364,875</u></u>	<u><u>647,134</u></u>	<u><u>10,012,209</u></u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	18	1,825,268	888,936
Tax paid		(209,687)	(355,353)
Net cash from operating activities		<u>1,615,581</u>	<u>533,583</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(382,783)	(3,351)
Purchase of investment property		-	(954,846)
Sale of tangible fixed assets		17,000	-
Interest received		33,662	39,145
Net cash from investing activities		<u>(332,121)</u>	<u>(919,052)</u>
Cash flows from financing activities			
Equity dividends paid		(122,000)	(100,000)
Net cash from financing activities		<u>(122,000)</u>	<u>(100,000)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,161,460</u>	<u>(485,469)</u>
Cash and cash equivalents at beginning of year	19	5,367,425	5,852,894
Cash and cash equivalents at end of year	19	<u><u>6,528,885</u></u>	<u><u>5,367,425</u></u>

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

1. STATUTORY INFORMATION

Palace Scenery Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

Palace Scenery Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The company's principal activities are set out in the report of the directors on page 4.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of the property and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006. The functional and presentation currency of these financial statements is pound sterling.

Going concern

At the date of approval of the accounts, the UK is experiencing high levels of economic, social and political uncertainty surrounding Covid-19. As such, in assessing the company's ability to adopt the going concern basis in preparation of the consolidated financial statements, the directors have considered the financial impact that Covid-19 may have on the business.

As part of this assessment, the directors have taken into account the expected business activity levels in light of Covid-19. The directors will continue to monitor the situation closely, but at the date of signing the accounts, given the current cash position of the company and the capacity to raise funds to mitigate the impact of any issues arising, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have therefore prepared the financial statements on a going concern basis.

Turnover

Turnover represents the fair value of services provided during the year. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients. Turnover excludes value added tax. Unbilled turnover on individual contracts is included as accrued income within prepayments and accrued income.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Tangible fixed assets

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

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Impairment

Non-financial assets not carried at fair value are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and

compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Investment property

Investment property is shown at fair value. Any aggregate surplus or deficit arising from the changes in fair value is recognised in the Statement of Comprehensive Income.

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

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Pension costs and other post-retirement benefits

The company operates a money purchase pension scheme for the benefit of the directors and an auto-enrolment defined contribution pension scheme for the benefit of employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes. There are no contractual obligations to make future payments.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

Financial instruments

Basic financial instruments are recognised at amortised cost.

Hire purchase and leasing commitments

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

a) Critical judgements in applying the Company's accounting policies

There are no critical judgements in applying the Company's accounting policies.

b) Key accounting estimates and assumptions

The Company 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.

Depreciation of tangible fixed assets

An allowance for depreciation is made against tangible fixed assets and charged to the statement of comprehensive income over the useful economic lives of the assets. The useful economic life assessment of an asset is based on the time in which benefits of the asset are realised to the company. See note 8 for the net carrying value of the tangible fixed assets, and note 2 for the useful economic lives for each class of assets.

Impairment of debtors

The directors make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the directors consider factors including the credit worthiness and financial conditions of customers. See note 10 for the net carrying amount of the debtors and associated impairment provision.

Going concern

The directors make an estimate of the future performance of the company in order to prepare the financial statements under the going concern methodology. When assessing the future performance, the directors consider financial projections which reflect the current and expected market conditions, operational cash flow requirements and financing opportunities.

Investment property valuation

The directors make an estimate of the carrying value of the company's investment properties. When making the valuation the directors consider market trends, location of the property and the rental returns.

4. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	4,404,448	1,788,762
Social security costs	497,481	169,920
Other pension costs	374,701	16,236
	<u>5,276,630</u>	<u>1,974,918</u>

The average number of employees during the year was as follows:

	2020	2019
Number of production staff	61	37
Number of administrative staff	2	2
Number of management staff	2	2
	<u>65</u>	<u>41</u>
	2020 £	2019 £
Directors' remuneration	72,000	72,000
Directors' pension contributions to money purchase schemes	321,183	600

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes

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continued..

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

4. EMPLOYEES AND DIRECTORS - continued

Key management personnel compensation

All key management personnel are considered to be directors. As such, the key management personnel compensation is equivalent to the directors' emoluments above.

5. OPERATING PROFIT

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

	2020 £	2019 £
Depreciation - owned assets	151,154	107,305
(Profit)/loss on disposal of fixed assets	(4,743)	25
Auditors' Remuneration	9,950	10,150
Other non - audit services	<u>15,327</u>	<u>11,410</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	207,954	209,451
Over provision in prior year	-	(55)
Total current tax	<u>207,954</u>	<u>209,396</u>
Deferred tax	<u>51,314</u>	<u>116,201</u>
Tax on profit	<u>259,268</u>	<u>325,597</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>1,330,892</u>	<u>1,782,572</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	252,869	338,689
Effects of:		
Expenses not deductible for tax purposes	569	634
Adjustments to tax charge in respect of previous periods	-	(55)
Effect of difference in deferred tax rates used to standard rate used	5,830	(13,671)
Total tax charge	<u>259,268</u>	<u>325,597</u>

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

6. TAXATION - continued**Factors that may affect future current and total tax charges**

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK corporation tax rate will remain at the current rate of 19% and not reduce to 17% from 1 April 2020. These changes have been taken into account in measuring deferred tax assets and liabilities at the balance sheet date. These changes are not anticipated to have a material impact on the company's financial statements in future years.

7. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>122,000</u>	<u>100,000</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2019	830,004	4,901	46,945	881,850
Additions	351,200	-	31,583	382,783
Disposals	-	-	(26,094)	(26,094)
At 31 March 2020	<u>1,181,204</u>	<u>4,901</u>	<u>52,434</u>	<u>1,238,539</u>
DEPRECIATION				
At 1 April 2019	524,534	1,526	30,549	556,609
Charge for year	145,884	844	4,426	151,154
Eliminated on disposal	-	-	(13,837)	(13,837)
At 31 March 2020	<u>670,418</u>	<u>2,370</u>	<u>21,138</u>	<u>693,926</u>
NET BOOK VALUE				
At 31 March 2020	<u>510,786</u>	<u>2,531</u>	<u>31,296</u>	<u>544,613</u>
At 31 March 2019	<u>305,470</u>	<u>3,375</u>	<u>16,396</u>	<u>325,241</u>

9. INVESTMENT PROPERTY

	Total £
COST OR VALUATION	
At 1 April 2019	
and 31 March 2020	<u>2,704,846</u>
NET BOOK VALUE	
At 31 March 2020	<u>2,704,846</u>
At 31 March 2019	<u>2,704,846</u>

The fair value of the investment property at 31 March 2020 has been arrived at on the basis of a valuation carried out at that date by the directors of the company, who are not professionally qualified valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties where the properties are situated.

If the investment properties had not been revalued they would have been included at cost of £1,925,167 (2019 - £1,925,167)

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

9. INVESTMENT PROPERTY - continued

Cost or valuation at 31 March 2020 is represented by:

Valuation in 2020	£ 779,679
Cost	<u>1,925,167</u>
	<u><u>2,704,846</u></u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	432,848	834,809
Other debtors	153,966	3,875
Prepayments and accrued income	<u>373,233</u>	<u>1,026,820</u>
	<u><u>960,047</u></u>	<u><u>1,865,504</u></u>

No provisions for impairment has been made against trade debtors in the current year or the prior year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	134,672	558,296
Tax	207,718	209,451
Social security and other taxes	55,401	124,314
Other creditors	54,195	106,276
Accruals and deferred income	<u>40,788</u>	<u>20,000</u>
	<u><u>492,774</u></u>	<u><u>1,018,337</u></u>

12. FINANCIAL INSTRUMENTS

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>7,115,699</u>	<u>6,206,109</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u><u>188,867</u></u>	<u><u>664,572</u></u>

13. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	100,863	49,549
Unrealised capital gain on investment property	<u>132,545</u>	<u>132,545</u>
	<u><u>233,408</u></u>	<u><u>182,094</u></u>
		Deferred tax
		£
Balance at 1 April 2019		182,094
Charge to Statement of Comprehensive Income during year		<u>51,314</u>
Balance at 31 March 2020		<u><u>233,408</u></u>

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

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number: Class:	Nominal value: £1	2020 £ <u>200</u>	2019 £ <u>200</u>
200 Ordinary			

15. RESERVES**Retained earnings**

This balance represents all current and prior period retained profits and losses.

Fair value reserve

This reserve represents the unrealised gain generated on revaluation of investment property. It comprises the excess of the fair value of the assets over deemed cost, net of associated deferred taxation.

16. POST BALANCE SHEET EVENTS

In light of Covid-19, the directors have considered whether any adjustments are required to the amounts reported in these financial statements.

As at 31 March 2020, there was no indication of the scale of the global pandemic and the company's operations ceased for a period at the year end and for a period after the year end. The company's operations have since resumed. The subsequent impact of Covid-19 both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting event after the end of the reporting period and have concluded that no adjustments are therefore required to the financial statements.

17. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

18. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before taxation	1,330,892	1,782,572
Depreciation charges	151,154	107,305
(Profit)/loss on disposal of fixed assets	(4,743)	25
Gain on revaluation of fixed assets	-	(779,679)
Finance income	<u>(33,662)</u>	<u>(39,145)</u>
	1,443,641	1,071,078
Decrease in trade and other debtors	905,457	683,070
Decrease in trade and other creditors	<u>(523,830)</u>	<u>(865,212)</u>
Cash generated from operations	<u>1,825,268</u>	<u>888,936</u>

19. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31.3.20 £	1.4.19 £
Cash and cash equivalents	<u>6,528,885</u>	<u>5,367,425</u>

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	<u>5,367,425</u>	<u>5,852,894</u>

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

20. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.19 £	Cash flow £	At 31.3.20 £
Net cash			
Cash at bank	<u>5,367,425</u>	<u>1,161,460</u>	<u>6,528,885</u>
	<u>5,367,425</u>	<u>1,161,460</u>	<u>6,528,885</u>
Total	<u><u>5,367,425</u></u>	<u><u>1,161,460</u></u>	<u><u>6,528,885</u></u>