

Strongfield Technologies Ltd

Annual Report and Financial Statements

for the Year Ended 30 June 2020

Paul & Co (Accountants) Ltd
Chartered Accountants and Registered Auditors
8 Freetrade House
Lowther Road
Stanmore
Middx
HA7 1EP

Strongfield Technologies Ltd

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Strongfield Technologies Ltd

Company Information

Chairman S K Mongia

Directors V Mongia
A Mongia
N E Murthy
H Dabhi

Company secretary A Mongia

Registered office Strongfield House
Unit 2, 89 Manor Farm Road
Wembley
Middx
HA0 1BA

Auditors Paul & Co (Accountants) Ltd
Chartered Accountants and Registered Auditors
8 Freetrade House
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HA7 1EP

Strongfield Technologies Ltd
(Registration number: 02889003)
Balance Sheet as at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	225,877	281,194
Tangible assets	6	1,472,258	1,142,156
Investments	7	126,669	449,250
		1,824,804	1,872,600
Current assets			
Stocks	8	535,304	549,114
Debtors	9	1,009,794	1,081,369
Cash at bank and in hand		15,644	130,959
		1,560,742	1,761,442
Creditors: Amounts falling due within one year	10	(1,167,919)	(2,726,994)
Net current assets/(liabilities)		392,823	(965,552)
Total assets less current liabilities		2,217,627	907,048
Creditors: Amounts falling due after more than one year	10	(1,112,495)	(421,232)
Provisions for liabilities		(108,219)	(59,558)
Net assets		996,913	426,258
Capital and reserves			
Called up share capital	11	250,000	99,950
Capital redemption reserve		-	150
Revaluation reserve		520,911	224,112
Profit and loss account		226,002	102,046
		996,913	426,258
Total equity		996,913	426,258

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 21 September 2020 and signed on its behalf by:

.....

V Mongia
Director

Strongfield Technologies Ltd
(Registration number: 02889003)
Balance Sheet as at 30 June 2020

.....
N E Murthy
Director

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Strongfield House
Unit 2, 89 Manor Farm Road
Wembley
Middx
HA0 1BA

These financial statements were authorised for issue by the Board on 21 September 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The financial statements contain information about Strongfield Technologies Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Audit report

The Independent Auditor's Report was unqualified. .

The name of the Senior Statutory Auditor who signed the audit report on 21 September 2020 was Viresh Paul, who signed for and on behalf of Paul & Co (Accountants) Ltd.

Going Concern

The financial statements have been prepared on a going concern basis. In the opinion of the directors there is no uncertainty about the entity's ability to continue as a going concern. The actual impact of Covid-19 on the company's business and results has not been significant. It is expected that this will remain the case as the company operates in sectors in which the demand for its products and services is expected to continue. There has been a lag in the procurement process due to the current pandemic affecting future deliveries which will impact on liquidity for which the company is seeking funding through HM Government's Coronavirus Business Interruption Scheme. Refer also to Note 15.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

Foreign currency transactions and balances

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. The related exchange gains and losses are taken into account in arriving at the operating result.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Tangible assets

Tangible assets are stated in the statement of financial position at fair value less accumulated impairment loss.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	-2% on cost
Plant and machinery	-25% on reducing balance
Furniture, fittings and equipment	-Computers-33.33% on cost and others 15% on reducing balance

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.

Research and development

Expenditure on research and development is written over a term of ten years.

Investments

Investments in subsidiaries and associate undertakings are recognised at cost less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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Notes to the Financial Statements for the Year Ended 30 June 2020

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are valued at the lower of cost and net realisable value. It is also the company's policy to hold stock of parts for the certain generators so as to comply with the sale guarantee given to the customers, which are to have parts readily available to support generators for up to ten years. Consequently, no allowance has been made at the year end or the previous year end for obsolete or slow moving stock of parts for generators.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements for the Year Ended 30 June 2020

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 15 (2019 - 14).

4 Taxation

Tax charged/(credited) in the income statement

	2020	2019
	£	£
Deferred taxation		
Arising from origination and reversal of timing differences	-	19,082

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

5 Intangible assets

	Development costs £	Total £
Cost or valuation		
At 1 July 2019	553,169	553,169
At 30 June 2020	553,169	553,169
Amortisation		
At 1 July 2019	271,975	271,975
Amortisation charge	55,317	55,317
At 30 June 2020	327,292	327,292
Carrying amount		
At 30 June 2020	225,877	225,877
At 30 June 2019	281,194	281,194

6 Tangible assets

	Land and buildings £	Fixtures and fittings £	Other tangible assets £	Total £
Cost or valuation				
At 1 July 2019	1,296,066	165,653	38,950	1,500,669
Revaluations	153,934	-	-	153,934
Additions	-	4,321	-	4,321
At 30 June 2020	1,450,000	169,974	38,950	1,658,924
Depreciation				
At 1 July 2019	176,184	146,866	35,463	358,513
Charge for the year	15,342	3,465	872	19,679
Recovered on revaluation	(191,526)	-	-	(191,526)
At 30 June 2020	-	150,331	36,335	186,666
Carrying amount				
At 30 June 2020	1,450,000	19,643	2,615	1,472,258
At 30 June 2019	1,119,882	18,787	3,487	1,142,156

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

Revaluation

The fair value of the company's Land and buildings was revalued on 6 March 2020. An independent valuer was not involved.

The directors have relied, however, on the value arrived at by a local property agent which is similar to market valuations of comparable local properties. .

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £528,830 (2019 - £528,830).

7 Investments

	2020 £	2019 £
Investments in subsidiaries	106,002	106,002
Investments in associates	20,667	343,248
	<u>126,669</u>	<u>449,250</u>

Subsidiaries

	£
Fair value	
At 1 July 2019	<u>106,002</u>
At 30 June 2020	<u>106,002</u>

Associates

	£
Cost	
At 1 July 2019	343,248
Disposals	<u>(322,581)</u>
At 30 June 2020	<u>20,667</u>

Provision

Carrying amount

At 30 June 2020	<u>20,667</u>
At 30 June 2019	<u>343,248</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Milfoam Limited	International Strongfield House Unit 2, 89 Manor Farm Road Wembley Middx HA0 1BA England	Ordinary shares	100%	100%
Strongfield Technologies (Consultants) Limited	Strongfield House Unit 2, 89 Manor Farm Road Wembley Middx HA0 1BA England	Ordinary shares	100%	100%
Strongfield Technologies (Projects) Limited	Strongfield House Unit 2, 89 Manor Farm Road Wembley Middx HA0 1BA	Ordinary shares	100%	100%
Strongfield Technologies India Private Limited	F505-506, B Wing, 5th Floor Mittal Tower, MG Road Bangaluru 560001 Karnataka India	Ordinary	100%	100%
Associates				
Strongfield Aviation Plc	Strongfield House Unit 2, 89 Manor Farm Road Wembley Middx HA0 1BA England	Ordinary shares	40%	40%

Subsidiary undertakings

Milfoam International Limited

The principal activity of Milfoam International Limited is that of manufacturing of gun barrel cleaning solutions, including an aerosol foam for commercial use and a range of barrel cleaning systems. The company uses global distribution channels with a focus on Europe..

Strongfield Technologies (Consultants) Limited

The principal activity of Strongfield Technologies (Consultants) Limited is that of consultancy and recruitment business in advanced engineering industries..

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Notes to the Financial Statements for the Year Ended 30 June 2020

Strongfield Technologies (Projects) Limited

The principal activity of Strongfield Technologies (Projects) Limited is that of general engineering projects..

Strongfield Technologies India Private Limited

The principal activity of Strongfield Technologies India Private Limited is to support Strongfield Technologies Ltd. contracts in India and develop local sales opportunities..

Associates

Strongfield Aviation Plc

The principal activity of Strongfield Aviation Plc is specialist engineering consultancy and global recruitment business..

8 Stocks

	2020	2019
	£	£
Other inventories	<u>535,304</u>	<u>549,114</u>

9 Debtors

	2020	2019
	£	£
Trade debtors	912,425	767,432
Amounts owed by group undertakings and undertakings in which the company has a participating interest	14 93,541	281,503
Prepayments	3,828	7,620
Other debtors	-	24,814
	<u>1,009,794</u>	<u>1,081,369</u>

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

10 Creditors

Creditors: amounts falling due within one year

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	13	220,740	490,284
Trade creditors		622,887	679,589
Amounts owed to group undertakings and undertakings in which the company has a participating interest	14	112,315	819,869
Taxation and social security		63,786	37,607
Accruals and deferred income		35,790	27,317
Other creditors		112,401	672,328
		<u>1,167,919</u>	<u>2,726,994</u>

Creditors: amounts falling due after more than one year

	Note	2020 £	2019 £
Due after one year			
Loans and borrowings	13	<u>1,112,495</u>	<u>421,232</u>

11 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary share of £1 each	250,000	250,000	99,950	99,950
		<u>250,000</u>		<u>99,950</u>

12 Reserves

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve £	Retained earnings £	Total £
Surplus/(deficit) on property, plant and equipment revaluation	296,799	-	296,799
P&I reserve - Capitalisation of own reserves	-	(149,900)	(149,900)
	<u>296,799</u>	<u>(149,900)</u>	<u>146,899</u>

Strongfield Technologies Ltd

Notes to the Financial Statements for the Year Ended 30 June 2020

13 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	341,495	400,232
Other borrowings	771,000	21,000
	<u>1,112,495</u>	<u>421,232</u>

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	24,611	-
Bank overdrafts	196,129	240,284
Other borrowings	-	250,000
	<u>220,740</u>	<u>490,284</u>

Secured Debts

At 30 June 2020, the total amount of secured debts in respect of bank loans and overdrafts amounted to £562,235 (2019: £640,516) and are included in creditors.

14 Related party transactions

During the year, the company received management fees of £60,000 (2019 - £55,000) from Strongfield Aviation Plc, an associated company. At 30 June 2020, the balance owed to Strongfield Aviation Plc was £102,968 (2018 - £231,195)

During the year, the company received management fees of £15,000 (2019 - £37,500) from Strongfield Technologies (Quebec), Inc., a company with common shareholders. At 30 June 2020, the balance owing to this company was £9,346 (2019 - £732,720) as a consequence of the buy back, at cost, of its holding of preferential shares by the company and the dividend receivable for the year.

At 30 June 2020, the balance owing to the pension fund was £21,000 (2019 - £21,000) and loan interest of £13,739 (2019 - £11,564).

At 30 June 2020 the company owed £750,000 (2019 - £857,450) to two shareholders. The loans are interest free and not repayable for at least 12 months.

15 Non adjusting events after the financial period

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the company might experience a reduction in its business (even though alternative contracts have been negotiated) in the short term as well as liquidity restraints. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted. Refer also to the Accounting Policies note Going concern.