Registered Number: 02890320 (England and Wales)

SUNNEN PRODUCTS LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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SUNNEN PRODUCTS LIMITED

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditors' report	5-7
Consolidated profit and loss account	8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated cash flow	15
Notes to the consolidated financial statements	16-35

SUNNEN PRODUCTS LIMITED

COMPANY INFORMATION

Directors	M Kreider F. C. Miltenberger M Eichenberger
Company number	02890320
Registered office	Unit 4B Finway Road Hemel Hempstead Hertfordshire HP2 7PT
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	HSBC 31 Chequer Street St Albans Herts AL1 3YN

SUNNEN PRODUCTS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities and review of the business
The principal activity of the group continued to be that of the manufacturing and distribution of honing and deep hole drilling products.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Financial Key Performance Indicators
During the year, reported turnover decreased to £19,877,357 (2019: £26,440,124), and gross profit, a key performance indicator within our business, decreased to £9,884,072 (2019: £9,901,067) – a decrease of .17%, resulting in a margin rate of 49.7%. Despite the general levels of uncertainty the Directors believe that these results demonstrate the underlying strength of the business and its willingness to seek new areas of business as more traditional ones decline.

Total Research & Development expenses decreased to £470,180 (2019: £563,250).

Administrative Costs have increased in comparison to the prior year.

Operating profit has decreased to £452,645 (2019: £1,307,612).

Principal risks and uncertainties
Global uncertainty – particularly the 2020 economic crises in the Euro zone, political unrest in the Middle East and the slowdown in GDP growth in China have driven reduced margin opportunities. However, our market remains competitive on the back of all of this uncertainty.

We look to overcome these uncertainties by continuing to build robust relationships with our customers, and this, coupled with our focus on value added transactions, enables us to consolidate an already successful base.

Global and domestic responses to the coronavirus disease (COVID-19) outbreak continues to evolve. The impact has resulted in a significant impact on the workforce and operations. It has also negatively impacted the company revenues. Sunnen's operations in United Kingdom, France, Italy, Austria, Belgium, and Switzerland have benefitted from governmental programs designed to maintain employment and support current compensation. Total European employment is about 90 individuals. Programs have various labels such as furloughs, short weeks, and wage guarantees. In addition, six employees in Switzerland were not retained when their employment agreements expired. Small government supported loans of £400,000 and £140,000 exist in Switzerland and Italy respectively. .

Company continues to review its various long-term property lease commitments with the intentions of reducing rented space no longer required as it improves its regional economies of scale.

The company's position at the end of the year
Our net asset position at the year-end remains strong.

The Directors remain confident that, with the support of employees and customers, the business is well placed to meet the challenges of the markets over the coming year.

Results and dividends
The results for the year are set out on page 8.

A final ordinary dividend was paid amounting to £nil (2019: £nil).

By order of the board

F. C. Miltenberger
Director
7 December 2021

SUNNEN PRODUCTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities
The principal activity of the company continued to be that of the supply of engineering and modular fixing equipment and the distribution of honing abrasives and tools.

Future Developments
The Company intends to continue operating in the area of supplying engineering and modular fixing equipment.

Financial Instruments
The Company finances its activities with a combination of bank loans, related party loans and a line of credit, as disclosed in note 19. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit, and liquidity risk information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk. The Group has assessed its risk to Financial Instruments and the steps taken to mitigate those risks in note 14 of the financial statements.

Directors
The directors do not hold any beneficial interest in the shares of the company nor in its ultimate parent company Sunnen Products Company.

J Hooper	(Resigned 18 July 2021)
M S Kreider	
F. C. Miltenberger	
M Eichenberger	(Appointed 12 May 2021)

Auditors
The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

By order of the board

F. C. Miltenberger
Director

7 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' 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 Practices (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 prudently disclosed and explained in the financial statements;
-state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR' REPORT
TO THE MEMBERS OF SUNNEN PRODUCTS LIMITED

Opinion
We have audited the financial statements of Sunnen Products Limited (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 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 group'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
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 financial statement. 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 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.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNNEN PRODUCTS LIMITED (Continued)

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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement [set out on page x], 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNNEN PRODUCTS LIMITED (Continued)

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment and health and safety regulation, anti-bribery, corruption and fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the completeness of revenue, and overstatement of profit.

In response to the risk of irregularities, including fraud, we designed audit procedures that included: review of the financial statement disclosures in conjunction with underlying supporting documentation, review of correspondence with and reports to the regulators, review of board minutes and similar internally generated management reports, enquiries of management about any instance of non-compliance with laws and regulations or fraud, and testing of management journals and evaluating whether there was evidence of management bias which could lead to a material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Matthew Anderson (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young (Statutory Auditor)

Quadrant House
4 Thomas More Square
London E1W 1YW
Chartered Accountants
Statutory Auditor

7 December 2021

SUNNEN PRODUCTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	19,877,357	26,440,124
Cost of sales		(9,993,285)	(16,539,057)
Gross profit		9,884,072	9,901,067
Administrative expenses		(9,446,825)	(8,601,263)
Other operating income (expense)		15,398	7,808
Operating profit	5	452,645	1,307,612
Interest receivable and similar income	9	(23,926)	(14,688)
Interest payable and similar charges	10	(119,113)	(138,251)
Profit on ordinary activities before taxation		309,606	1,154,673
Tax on profit on ordinary activities	11	2,093	(432,758)
Profit on ordinary activities after taxation		311,699	721,915
Profit for the financial year attributable to:			
Owners of the parent	25	226,187	599,040
Non-controlling interest		85,512	122,875
Total income for the year		311,699	721,915

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

There are no recognized gains and losses other than those passing through the profit and loss account.

SUNNEN PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit (loss) for the financial year	226,187	599,040
Exchange difference on translation of overseas operations	294,208	(368,778)
Total comprehensive income relating to the year	520,395	230,262

SUNNEN PRODUCTS LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		503,817		442,018
Investments			60,840		57,547
			514,657		499,565
Current assets					
Stocks	16	9,412,995		9,710,862	
Debtors	17	7,974,853		7,907,257	
Cash at bank and in hand		3,957,554		3,215,620	
Other assets		4,083		3,880	
			21,349,485		20,837,619
Creditors: amounts falling due within one year	18		(9,769,098)		(9,339,777)
Net current assets			11,580,387		11,497,842
Total assets less current liabilities			12,095,044		11,997,407
Creditors: amounts falling due after more than one year	20		(1,390,864)		(1,825,725)
Provisions for liabilities and charges	22		(487,211)		(543,095)
Net assets			10,266,969		9,628,587
Capital and reserves					
Called up share capital	24		2,020,302		2,020,302
Profit and loss reserves	25		7,524,125		7,003,730
Equity attributable to the owners of the parent	26		9,544,427		9,024,032
Non-controlling interest			722,542		604,555
Capital employed			10,266,969		9,628,587

SUNNEN PRODUCTS LIMITED

The financial statements were approved by the board of directors and authorised for issue on 7 December 2021 and signed on its behalf by:

.....

F. C. Miltenberger
Director

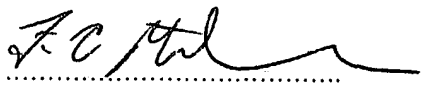
Company Registration No. 02890320

SUNNEN PRODUCTS LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 (restated) £	2019 (restated) £
Fixed assets					
Tangible assets	13		25,361		25,286
Investments	14		1,487,613		1,487,613
			1,512,974		1,512,899
Current assets					
Stocks	16	363,903		302,363	
Debtors	17	956,513		859,590	
Cash at bank and in hand		357,496		227,817	
		1,677,912		1,389,770	
Creditors: amounts falling due Within one year	18	(531,432)		(250,585)	
Net current assets			1,146,480		1,139,185
Provisions and liabilities					
Other Provisions	22	(50,000)		(50,000)	
Total assets less liabilities			2,609,454		2,602,084
Capital and reserves					
Called up share capital	24		2,020,302		2,020,302
Profit and loss reserves	25		589,152		581,782
Total equity			2,609,454		2,602,084

The parent company had profits of £7,370 and £213,557 (restated) for the years ended 31 December 2020 and 2019, respectively. The financial statements were approved by the board of directors and authorised for issue on 7 December 2021 and signed on its behalf by:



F. C. Miltenberger
Director

Company Registration No. 02890320

SUNNEN PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital £	Profit and loss reserves £	Non-controlling interest £	Total £
Balance at 1 January 2019		2,020,302	6,714,144	702,283	9,436,729
Period ended 31 December 2019:					
Profit and total comprehensive income for the year		-	599,040	122,876	721,916
Exchange difference on translation of overseas operations		-	(309,454)	(51,181)	(360,635)
Dividend		-	-	(169,423)	(169,423)
Total comprehensive income (loss) relating to the year		-	289,586	(97,728)	191,858
Balance at 31 December 2019		2,020,302	7,003,730	604,555	9,628,587
Period ended 31 December 2020:					
Profit and total comprehensive income for the year		-	226,187	85,512	311,699
Exchange difference on translation of overseas operations		-	294,208	32,475	326,683
Dividend		-	-	-	-
Total comprehensive income relating to the year		-	520,395	117,987	638,382
Balance at 31 December 2020		2,020,302	7,524,125	722,542	10,266,969

SUNNEN PRODUCTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	2,020,302	368,225	2,388,527
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	243,555	243,555
Prior year adjustment	-	(29,998)	(29,998)
Balance at 31 December 2019 (as restated)	2,020,302	581,782	2,602,084
Period ended 31 December 2020:			
Profit and total comprehensive income for the year	-	7,370	7,370
Balance at 31 December 2020	2,020,302	589,152	2,609,454

SUNNEN PRODUCTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
Net cash (outflow)/inflow from operating activities	31		624,646		(1,473,997)
Returns on investments and servicing of finance					
Interest received		-		14,688	
Interest paid		(143,045)		(138,251)	
Dividend paid to minority interest		-		(169,423)	
Net cash outflow from returns on investment and servicing of finance			(143,045)		(292,986)
Taxation					
Foreign tax paid			(103,791)		(363,557)
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets		(165,803)		(297,128)	
Receipts from sales of tangible fixed assets		-		210,241	
Net cash outflow from capital expenditure			(165,803)		(86,887)
Net cash inflow/(outflow) before management of liquid resources and financing			212,007		(2,217,427)
Financing					
Advance of intercompany loan		415,010		141,457	
Net cash inflow from financing			415,010		141,457
Increase/(Decrease) in cash in the year	33		627,017		(2,075,970)

1. Accounting policies

Company information

Sunnen Products Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Unit 4B Finway Road, Hemel Hempstead, Hertfordshire, HP2 7PT.

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 £. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The results of overseas subsidiary undertakings are translated into Sterling at the average rates of exchange during the year. The balance sheets are translated into Sterling at the rate of exchange ruling on the balance sheet date. Exchange differences arising on translation of opening shareholders' funds and the profit and loss movement for the year are recorded as a movement on reserves.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (note 13), drawn up to 31 December 2020. The results of subsidiary undertakings acquired have been included from the date of acquisition using the acquisition method of accounting. Profit or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Sunnen's operations in United Kingdom, France, Italy, Austria, Belgium, and Switzerland have benefitted from governmental programs designed to maintain employment and support current compensation. Total European employment is about 90 individuals. Programs have various labels such as furloughs, short weeks, and wage guarantees. In addition, six employees in Switzerland were not retained once their employment agreements expired. Small government supported loans of £400,000 and £140,000 exist in Switzerland and Italy respectively.

Company continues to review its various long-term property lease commitments with the intentions of reducing rented space no longer required as it improves its regional economies of scale.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1. Accounting policies (continued)

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Intangible assets- goodwill costs

Acquired goodwill which is the excess of cost over the fair value of net assets acquired is written off in equal annual instalments over its estimated useful economic life which is assumed to be 10 years.

Tangible fixed assets and depreciation

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

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10 years on a straight line basis
Plant and machinery	4-7 years on a straight line basis
Fixtures and fittings	4 years on a straight line basis
Computer equipment	3 years on a straight line basis
Motor vehicles	3 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1. Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group and the company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

1. Accounting policies (continued)

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 cashflows discounted at the assets original effective interest rates. 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 and 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.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1. Accounting policies (continued)

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.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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

Provisions
Provisions are recognised when the company has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligations is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognized as a finance cost in profit or loss in the period in which it arises.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

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.

Retirement benefits

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

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 taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain for taxation and accounting policies. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

In the prior year financial statements, the Company's cost of sales and stock was understated due to an error in the recorded shipment date. This resulted in the profit for the year being overstated by £68,919 for the Company only. The amount was not material for the Group and therefore no adjustment was made to the prior year Group figures.

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 are included in the profit and loss account for the period.

2. Restatement of financial results

During the preparation of these financial statements there was an error noted in relation to failing to recognise the dilapidations provision for a lease previously entered into. This error has been identified and corrected and resulted in a decrease in profit of £29,998. The effect on the financial statements is as follows:

Changes to the company balance sheet:

	As previously reported	Adjustment	As restated at 31 December 2020
Fixed assets			
Tangible fixed assets	£5,284	£20,002	£25,286
Provisions and liabilities			
Other provisions	£0	£50,000	£50,000
Capital and reserves			
Profit and loss reserves	£611,780	(£29,998)	£581,782

3. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The bad debt allowance is maintained at a level considered adequate to provide for potential account losses based on the directors evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors.

The carrying value of stock is reduced for excess and obsolete to their estimated net realizable value. The estimate of net realizable value of stock is based on analysis and assumptions including, but not limited to, historical usage, future demand and market requirements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Investment balances are reviewed by the directors at the year end to ensure that the carrying value is not in excess of its recoverable amount. Impairment reviews have been carried out where this is considered likely, however at the year end no such impairments were required. The carrying value of investments at the year end is £60,840 (2019: £57,547)

Dilapidations costs that have been provided at year end relate to the costs to be incurred at the maturity of the operating lease, in order to restore the property to its original state. In estimating the provision, the directors have made assumptions regarding the costs based on the extent of the work required. Due to the associated uncertainty, it is possible that estimates may need to be revised.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4. Turnover

An analysis of the group's turnover is as follows:

Turnover	**2020** £	**2019** £
Sale of goods	15,873,132	21,708,477
Services rendered	4,004,225	4,731,647
	19,877,357	26,440,124

Turnover analysed by geographical market

	2020 £	**2019** £
United Kingdom	1,969,334	2,268,901
Europe	13,488,937	20,219,943
America	1,212,254	1,507,849
Rest of the world	3,206,832	2,443,431
	19,877,357	26,440,124

5. Operating profit

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

	2020	2019
	£	£
Amortisation of goodwill	-	30,677
Depreciation of tangible fixed assets	157,041	115,938
Loss on disposal of tangible assets	-	(83,956)
Research and development expenditure	470,180	563,250
Cost of stocks recognized as an expense	9,993,285	16,539,056
Exchange (profit)/losses	(54,534)	120,629
Operating lease rentals		
-Plant and machinery	765,585	379,922
-Other assets	119,875	197,385

6. Auditors' remuneration

	2020	2019
	£	£
Fees payable for the audit of the parent company and the consolidated accounts	25,000	31,746
Taxation services	4,679	21,393

7. Employees

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

	2020	2019
	£	£
Administration	37	38
Technical	54	57
	91	95

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	5,269,144	4,020,911
Social security costs	263,753	262,739
Other pension costs	29,037	60,461
	5,561,934	4,344,111

8. Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	60,048	92,342
Company pension contributions to defined contribution schemes	4,754	10,274
	64,802	102,616

The number of directors accruing benefits under the money purchase pension scheme is 1 (2019: 1).

9. Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	23,926	14,688
Total income	23,926	14,688
Interest on financial assets not measured at fair value through profit or loss	23,926	14,688

10. Interest payable and similar charges

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Bank interest payable	1,326	8,406
Interest payable to parent company	70,989	91,122
Other charges		
Bank charges	46,798	38,723
Total expense	119,113	138,251

11. Taxation

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

	2020 £	2019 £
Domestic current year tax		
U.K. corporation tax	-	-
Overseas current tax	103,787	363,557
Current tax charge	103,787	363,557
Deferred tax		
Deferred tax (credit)/charge current year	(105,880)	69,201
Total tax (credit)/charge current year	(2,093)	432,758
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	309,606	1,154,673
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19%	58,825	219,388

11. Taxation (continued)

Effects of:		
Non-deductible expenses	15,760	19,466
Tax gains (losses)	798	150,153
Deferred tax	(107,852)	(35,002)
Overseas profits taxed at rates different to those of the UK	29,703	77,753
Other tax differences	673	1,000
	(60,918)	**213,370**
Current tax charge	(2,093)	432,758

The standard rate of corporation tax was 19% throughout the year ended 31 December 2020 (2019: 19%). As announced at Budget 2020, legislation was introduced in Finance Bill 2021 to continue to charge corporation tax at 19% until the year beginning 1 April 2023 where it will increase to 25%. The Finance Bill received Royal Assent on 22 July 2020.

12. Intangible fixed assets

Group

	Goodwill £
Cost (as restated)	
At 1 January 2020	298,830
Exchange adjustment	15,609
At 31 December 2020	314,439
Amortisation	
At 1 January 2020	298,830
Exchange adjustment	15,609
Charge for year	
At 31 December 2020	314,439
Net book value	
At 31 December 2020	-
At 31 December 2019	-

13. Tangible fixed assets

Group	Leasehold improvements £	Computer equipment £	Plant & machinery £	Fixtures & fittings £	Motor Vehicles £	Totals £
Cost						
At 1 January 2020	357,969	2,066,832	1,122,083	628,266	20,767	4,195,917
Exchange adjustment	29,983	191,303	49,313	29,495	933	301,027
Additions	50,000	4,104	89,947	72,199	(447)	215,803
Disposals	-	(413)				(413)
At 31 December 2020	387,952	2,261,826	1,261,343	729,960	21,253	4,712,334
Depreciation						
At 1 January 2020	331,185	1,991,738	917,580	495,087	18,308	3,753,898
Exchange adjustment	30,312	167,514	48,372	49,820	1,973	297,991
Eliminated on disposals	-	(413)	-	-	-	(413)
Charge for year	-	11,050	88,493	57,498	-	157,041
At 31 December 2020	361,497	2,169,889	1,054,445	602,405	20,281	4,208,517
Net book value						
At 31 December 2020	26,455	91,937	206,898	127,555	972	503,817
At 31 December 2019	26,784	75,094	204,503	133,179	2,459	442,018

Company	Leasehold improvements £	Computer equipment £	Plant & machinery £	Fixtures & fittings £	Totals £
Cost (as restated)					
At 1 January 2020	-	25,245	36,368	41,097	102,710
Prior year adjustment	50,000	-	-	-	50,000
Additions	-	6,032	-	1,573	7,605
Disposals	-	(1,928)	-	-	(1,928)
At 31 December 2020	50,000	29,349	36,368	42,670	153,387
Depreciation					
At 1 January 2020	-	19,961	36,367	41,097	97,425
Prior year adjustment	29,998	-	-	-	29,998
On disposals	-	(1,928)	-	-	(1,928)
Charge for the year	5,000	2,450	1	80	7,531
At 31 December 2020	34,998	20,483	36,368	41,177	133,026
Net book value					
At 31 December 2020	15,002	8,866	-	1,493	25,361
At 31 December 2019 (as restated)	-	5,284	-	-	5,284

14. Fixed asset investments
Company

	Shares in subsidiary undertakings £
Cost	
At 1 January 2020 & at December 2020	1,487,613
Net book value	
At 31 December 2020	1,487,613
At 31 December 2019	1,487,613

Holdings of more than 20%
The below companies are distributors of honing products to Europe and the world. In addition to distribution Sunnen AG also have manufacturing facilities in Switzerland. The company holds more than 20% of the share capital of the following companies:

Company

Subsidiary undertakings	Country of registration or incorporation	Registered address	Nature of business	Class	Shares held
Sunnen Europe Holdings AG	Switzerland	Fabrikstrasse 1, Ennataach-Erlen, Thurgau 8586	Holding company	Ordinary	100.00
Sunnen Italia	Italy	Via Gugleilmo Marconi 24/B, Milano, Lombardy, 20044	Manufacturing and distribution	Ordinary	60.00
*Sunnen Polska	Poland	ul. Odrowaza 13, Warszawa, 03310'	Manufacturing and distribution	Ordinary	100.00
*Sunnen s.r.o	Czech Republic	Nábřeží Otavy 73, Strakonice 38601	Manufacturing and distribution	Ordinary	100.00
*Sunnen RUS LLC	Russia	Str. Kosmonavta Wolkova, 31, 127299 Moskva, 127486	Manufacturing and distribution	Ordinary	100.00
*Sunnen SAS LLC	France	4 rue Rene Razel, Saclay, 91892	Manufacturing and distribution	Ordinary	100.00
*Sunnen AG	Switzerland	Fabrikstrasse 1, Ennataach-Erlen, Thurgau 8586	Manufacturing and distribution	Ordinary	100.00
*Sunnen Benelux bvba	Belgium	Steenweg, 36, Eke, 9810	Manufacturing and distribution	Ordinary	100.00
*Sunnen Austria GmbH	Austria	Diepoldsauerstrasse 35, Hohenems, 6845	Manufacturing and distribution	Ordinary	100.00

* The company's investment in Sunnen AG, Sunnen Polska, Sunnen s.r.o., Sunnen RUS LLC, Sunnen SAS LLC, Sunnen Benelux bvba, and Sunnen Austria GmbH are held indirectly via Sunnen Europe Holdings AG.

The results of all of the above companies have been consolidated in these accounts.

The Group is a global leader in the design, manufacturing, and distribution of precision bore sizing and finishing equipment, tooling, abrasives, and accessories. Primary products include honing machines and systems, deep hole drilling and finishing systems, honing abrasives, various metal cutting tooling, honing lubricants and coolants, and bore gauging equipment.

15. Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	10,626,309	9,848,114
Carrying amount of financial liabilities		
Measured at amortised cost	7,895,793	7,441,634

The carrying amount of financial assets and financial liabilities is a reasonable approximation of the fair value.

Financial Risk Management

The Group has exposures to four main areas of risk – liquidity, foreign currency, credit and interest rate.

Liquidity Risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available. Given the cash balance the Group is in position to meet its commitments and obligations as they come due.

Foreign Currency Risk

The Group is exposed to currency exchange rate risk due to a significant proportion of its operating activities being denominated in non-Sterling currencies. The Group will follow the Parent's instruction to ensure minimum exposure to fluctuations in the value of Sterling.

Credit Risk

The Group may offer credit terms to its customers which allows payment of the debt after delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and credit checks performed on all customers.

Interest Rate Risk

The Group is exposed to interest rate risk due to the debt financing required to continue its operations. The downside risk associated with the debt held is however offset by upside risk on cash balances.

16. Stocks

	2020	2019
Group	£	£
Finished goods and goods for resale	9,412,995	9,710,862

	2020	2019
Company	£	£
Finished goods and goods for resale	363,903	302,363

17. Debtors: amounts falling due within one year

Group	2020 £	2019 £
Trade debtors	4,558,777	5,934,855
Amounts owed by parent and fellow subsidiary undertakings company	2,109,978	697,639
Prepayments and accrued income	1,268,242	1,274,763
Other Debtors	37,856	-
	7,974,853	7,907,257

Company	2020 £	2019 £
Trade debtors	465,431	572,629
Amounts owed by parent and fellow subsidiary undertakings	397,859	224,627
Prepayments and accrued income	93,223	62,334
	956,513	859,590

18. Creditors: amounts falling due within one year

Group		2020 £	2019 £
Bank loans and overdrafts (see note 19)		1,660,040	1,177,649
Trade creditors		1,390,549	1,503,425
Amounts owed to parent company and fellow subsidiary undertakings		3,518,177	3,532,639
Other creditors		358,142	89,649
Taxes and social security costs		380,929	539,064
Deferred income	**18**	1,134,235	1,243,052
Accruals		1,327,026	1,227,921
Other creditors		-	26,378
		9,769,098	9,339,777

Company	2020 £	2019 £
Trade creditors	21,660	58,924
Amounts owed to parent company and fellow subsidiary undertakings	373,199	1,103
Taxes and social security costs	68,145	93,771
Accruals and deferred income	59,933	96,787
Other creditors	8,495	-
	531,432	250,585

19. Deferred income

Group	2020 £	2019 £
Other deferred income	1,134,235	1,243,052
	1,134,235	1,243,052

Company	2020 £	2019 £
Other deferred income	-	-
	-	-

20. Creditors: amounts falling due after more than one year

Group	2020 £	2019 £
Interest bearing liability with parent	1,390,864	1,825,725
	1,390,864	1,825,725

21. Borrowings

Loans maturity analysis

	2020 £	2019 £
Instalments due:		
Within one year	1,660,040	1,177,649
Due 1 to 5 years	1,390,864	1,825,725
	3,050,904	3,003,374

Bank loan, issued with Thurgauer Kantonalbank under a line of credit, with CHF 2,000,000 or £1,660,040 outstanding at 31 December 31 2020 and £1,177,649 outstanding at 31 December 31 2019 with interest payable monthly at 1.8% due February 2021, secured by net assets of Sunnen AG.

22. Provisions for liabilities

Group	Dilapidations	Deferred tax liability	Total
	£	£	£
Balance at 1 January 2020	-	543,095	543,095
Profit and loss account	-	(105,884)	(105,884)
Creation of provision	50,000	-	50,000
Balance at 31 December 2020	50,000	437,211	487,211

The deferred tax liability is made up as follows:

	2020	2019
	£	£
Other timing differences	240,670	229,461
Other differences	196,541	313,634
	437,211	543,095

At 31 December 2020, the Group had operating losses carried forward in respect of which deferred tax assets were not recognised amounting to approximately £140,000 (2019: £137,000) and such losses comprise, in the main, UK tax losses. The Directors do not consider it appropriate to recognise any deferred tax asset to reflect the potential benefit arising from such timing differences as at 31 December 2020, because they cannot predict when sufficient future taxable profits will be available to utilize these losses in the foreseeable future. There are no expiry date restrictions to these losses.

At 31 December 2020, the undistributed earnings of overseas subsidiaries capable of making a dividend were £6,610,765 (2019:£ 6,701,402). No deferred tax liabilities have been recognized in respect of distributable earnings of overseas subsidiaries as no material liability is expected to arise on the distribution of these earnings under the applicable tax legislation.

Company	Dilapidations (Restated)
	£
Balance at 31 December 2019 and 2020	50,000

23. Retirement benefit schemes

Defined contribution schemes
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.

The charge to profit and loss in respect of defined contribution schemes was £24,283 (2019 £60,461).

24. Called up share capital

	2020	2019
	£	£
Authorised		
3,000,000 Ordinary shares of £1 each	3,000,000	3,000,000

	2020	2019
	£	£
Allotted, called up and fully paid		
2,020,302 Ordinary shares of £1 each	2,020,302	2,020,302

25. Statement of movements on profit and loss account

Group	Profit and loss account £
Balance at 1 January 2020	7,003,730
Retained profit for the year	226,187
Dividends paid	
Exchange differences on translation of overseas operations	294,208
Balance at 31 December 2020	7,524,125

Company	£
Balance at 1 January 2020 (as restated)	581,782
Income for the year	7,370
Balance at 31 December 2020	589,152

26. Reconciliation of movements in shareholders' funds

Group	2020 £
Profit for the financial year	226,187
Dividends paid	-
Exchange differences on translation of overseas operations	294,208
Net increase in shareholders' funds	520,395
Opening shareholders' funds	9,024,032
Closing shareholders' funds	9,544,427

27. Ultimate parent company

The immediate and ultimate parent company is Sunnen Products Company, a company which is registered in the USA.

28. Related party transactions

The Group has taken advantage of the exemption available in FRS 102 Section 33 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

During the year the group made purchases of £5,314,824 (2019: £7,737,675) from its ultimate parent company. During the year the group had sales of £1,212,254 (2019: £1,465,364) to its ultimate parent company. Amounts due to and from this company are shown in notes 16 and 17.

The Group has a promissory note with its ultimate parent company with CHF 1,675,700 and £1,390,864 outstanding at December 31, 2020 and CHF 2,325,467 and £1,825,724 outstanding at December 31, 2019 with principal payments made in 2020 of £545,081 plus interest at 2.65% plus 360 day LIBOR rate, next due March 2021, unsecured.

During the year the parent company received a dividend of £0 (2019: £262,524) from Sunnen Italia, a 60% owned subsidiary of the company.

Remuneration of key management personnel
The remuneration of key management personnel, including directors, is as follows.

	2020 £	2019 £
Aggregate compensation	252,021	299,768

No guarantees have been given or received.

30. Directors' transactions

There were no Director's transactions in the current or prior year apart from Director's renumeration stated in Note 7.

31. Reconciliation of operating profit to net cash inflow (outflow) from operating activities – Group

	2020 £	2019 £
Operating profit	452,645	1,278,237
Depreciation charges	157,041	115,938
Amortisation charges	-	30,677
Loss on disposal of fixed assets	-	4,744
Decrease/(increase) in stock	644,904	(1,076,068)
Decrease/(increase) in debtors	187,601	(1,296,905)
Decrease in creditors	(817,545)	(530,620)
Net cash inflow from operating activities	624,646	(1,473,997)

32. Analysis of net changes in funds

Group	1 Jan 2020 £	Cash flow £	Foreign exchange £	31 Dec 2020 £
Cash at bank and in hand	3,215,620	627,017	114,917	3,957,554
Bank loans within one year	(1,177,650)	(415,010)	(67,381)	(1,660,041)
Bank loans greater than one year	-	-	-	-
Total net funds	2,037,970	212,007	47,536	2,297,513

33. Reconciliation of net cash flow to movement in net debt

Group	2020 £	2019 £
Increase/(decrease) in cash in the year	627,017	(2,075,970)
Cash outflow from the increase in debt financing	(415,010)	(4,746)
Changes in net debt in year	212,007	(2,080,716)
Effect of foreign exchange movements	47,536	(224,234)
Opening net debt	2,037,970	4,342,920
Closing net debt	2,297,513	2,037,970