

IMPCROSS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

IMPCROSS LIMITED

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IMPCROSS LIMITED

Company Information

Directors	R L Arnold S R Arnold J E T Cook R J Gyde T J McGrane A E Weaver R Witts
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Company secretary	R L Arnold
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Registered office	Staverton Court Staverton Cheltenham GL51 OUX
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Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
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IMPCROSS LIMITED

Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

Principal activity

The principal activity of the company is that of precision engineering.

Fair review of the business

The directors are satisfied with the results for the year as the company reported turnover of £11,921,831 (2018 - £11,295,249) and gross profit of £3,584,220 (2018 - £3,724,903). The directors consider the financial position at the year end to be a firm basis for further development of the business with growth forecast for the next financial year.

Principal risks and uncertainties

The principal risks and uncertainties relating to the business are the management of working capital through the manufacturing process, and the timely collection of debts from customers. The company is highly experienced in the industry and continues to maintain strong relationships with its customers. The directors closely monitor the performance of the business, including working capital and credit control management, and therefore consider these risks to be well mitigated.

The directors do not believe there are additional key performance indicators that would assist in the understanding of the business.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk : Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The Company has understandably seen a downturn during the lockdown period instigated by the COVID-19 pandemic in the UK due to the slowdown in the aerospace sector and the impact of lockdowns on the global industry. As the country comes out of lockdown, the Company is seeing an increase in orders and sales are slowly starting to recover. The Company has recently undertaken a restructuring and cost-cutting exercise to bring costs into line with the expected volume of business going forward. In order to ensure that sufficient financial resources are in place for the coming year, the Company has recently been successful in obtaining a loan under the CBILS scheme. The directors have prepared forecasts covering at least the next 12 months that show that, based on the expected new levels of sales and costs, and the facilities in place, the Company will trade within its existing facilities with some headroom. The financial statements are therefore prepared on the going concern basis.

Approved by the Board on 30 June 2020 and signed on its behalf by:

.....
A E Weaver
Director

IMPCROSS LIMITED

Directors' Report for the Year Ended 30 June 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors of the company

The directors who held office during the year were as follows:

R L Arnold

S R Arnold

J E T Cook

R J Gyde

T J McGrane

A E Weaver

R Witts

D G Ballinger (resigned 22 February 2019)

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 30 June 2020 and signed on its behalf by:

.....
A E Weaver
Director

IMPCROSS LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

IMPCROSS LIMITED

Independent Auditor's Report to the Members of Impcross Limited

Opinion

We have audited the financial statements of Impcross Limited (the 'company') for the year ended 30 June 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

IMPCROSS LIMITED

Independent Auditor's Report to the Members of Impcross Limited

- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities 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 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.

.....
Martin Howard (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

30 June 2020

IMPCROSS LIMITED**Profit and Loss Account for the Year Ended 30 June 2019**

	Note	2019 £	2018 £
Turnover	<u>3</u>	11,921,831	11,295,249
Cost of sales		<u>(8,337,611)</u>	<u>(7,570,346)</u>
Gross profit		3,584,220	3,724,903
Distribution costs		<u>(84,526)</u>	<u>(85,773)</u>
Administrative expenses		<u>(3,747,308)</u>	<u>(3,739,725)</u>
Other operating income		<u>6,229</u>	<u>34,410</u>
Operating loss	<u>4</u>	<u>(241,385)</u>	<u>(66,185)</u>
Interest payable and similar charges	<u>7</u>	<u>(113,035)</u>	<u>(87,340)</u>
Loss before tax		<u>(354,420)</u>	<u>(153,525)</u>
Taxation	<u>9</u>	<u>15,301</u>	<u>(92,718)</u>
Loss for the financial year		<u><u>(339,119)</u></u>	<u><u>(246,243)</u></u>

The above results were derived from continuing operations.

The notes on pages 11 to 21 form an integral part of these financial statements.

IMPCROSS LIMITED

(Registration number: 02909757)
Balance Sheet as at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>10</u>	<u>4,999,761</u>	<u>4,771,192</u>
Current assets			
Stocks	<u>11</u>	<u>3,641,331</u>	<u>3,208,070</u>
Debtors	<u>12</u>	<u>3,355,524</u>	<u>3,198,995</u>
Cash at bank and in hand		<u>976</u>	<u>421</u>
		<u>6,997,831</u>	<u>6,407,486</u>
Creditors: Amounts falling due within one year	<u>13</u>	<u>(6,117,310)</u>	<u>(4,965,328)</u>
Net current assets		<u>880,521</u>	<u>1,442,158</u>
Total assets less current liabilities		<u>5,880,282</u>	<u>6,213,350</u>
Creditors: Amounts falling due after more than one year	<u>13</u>	<u>(727,706)</u>	<u>(886,622)</u>
Provisions for liabilities	<u>9</u>	<u>(648,706)</u>	<u>(483,739)</u>
Net assets		<u>4,503,870</u>	<u>4,842,989</u>
Capital and reserves			
Called up share capital	<u>16</u>	<u>922,660</u>	<u>922,660</u>
Retained earnings		<u>3,581,210</u>	<u>3,920,329</u>
Total equity		<u>4,503,870</u>	<u>4,842,989</u>

Approved and authorised by the Board on 30 June 2020 and signed on its behalf by:

.....
A E Weaver
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

IMPCROSS LIMITED**Statement of Changes in Equity for the Year Ended 30 June 2019**

	Share capital £	Retained earnings £	Total £
At 1 July 2018	922,660	3,920,329	4,842,989
Loss for the year	-	(339,119)	(339,119)
At 30 June 2019	922,660	3,581,210	4,503,870

	Share capital £	Retained earnings £	Total £
At 1 July 2017	922,660	4,555,865	5,478,525
Loss for the year	-	(246,243)	(246,243)
Dividends	-	(389,293)	(389,293)
At 30 June 2018	922,660	3,920,329	4,842,989

The notes on pages 11 to 21 form an integral part of these financial statements.

IMPCROSS LIMITED

Statement of Cash Flows for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(339,119)	(246,243)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>4</u>	649,524	565,237
Finance costs	<u>7</u>	113,035	87,340
Income tax expense	<u>9</u>	(15,301)	92,718
		<u>408,139</u>	<u>499,052</u>
Working capital adjustments			
Increase in stocks	<u>11</u>	(433,261)	(621,315)
(Increase)/decrease in trade debtors	<u>12</u>	(150,941)	425,598
Increase in trade creditors	<u>13</u>	1,631,339	401,713
Decrease in deferred income, including government grants		<u>(6,229)</u>	<u>(6,229)</u>
Cash generated from operations		<u>1,449,047</u>	<u>698,819</u>
Income taxes received/(paid)	<u>9</u>	<u>174,680</u>	<u>(81,390)</u>
Net cash flow from operating activities		<u>1,623,727</u>	<u>617,429</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(346,802)	(843,664)
Proceeds from sale of tangible assets		<u>53,200</u>	<u>3,771</u>
Net cash flows from investing activities		<u>(293,602)</u>	<u>(839,893)</u>
Cash flows from financing activities			
Interest paid	<u>7</u>	(113,035)	(87,340)
Payments to finance lease creditors		<u>(819,113)</u>	<u>(655,288)</u>
Dividends paid		<u>-</u>	<u>(389,293)</u>
Net cash flows from financing activities		<u>(932,148)</u>	<u>(1,131,921)</u>
Net increase/(decrease) in cash and cash equivalents		<u>397,977</u>	<u>(1,354,385)</u>
Cash and cash equivalents at 1 July		<u>(2,526,666)</u>	<u>(1,172,281)</u>
Cash and cash equivalents at 30 June		<u><u>(2,128,689)</u></u>	<u><u>(2,526,666)</u></u>

The notes on pages 11 to 21 form an integral part of these financial statements.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

1 General information

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

The address of its registered office is:

Staverton Court
Staverton
Cheltenham
GL51 0UX

The principal place of business is:

Units 2 & 3
Phoenix Works
Thrupp
Stroud
Gloucestershire
GL5 2BU

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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

The Company has understandably seen a downturn during the lockdown period instigated by the COVID-19 pandemic in the UK due to the slowdown in the aerospace sector and the impact of lockdowns on the global industry. As the country comes out of lockdown, the Company is seeing an increase in orders and sales are slowly starting to recover. The Company has recently undertaken a restructuring and cost-cutting exercise to bring costs into line with the expected volume of business going forward. In order to ensure that sufficient financial resources are in place for the coming year, the Company has recently been successful in obtaining a loan under the CBILS scheme. The directors have prepared forecasts covering at least the next 12 months that show that, based on the expected new levels of sales and costs, and the facilities in place, the Company will trade within its existing facilities with some headroom. The financial statements are therefore prepared on the going concern basis.

Critical accounting 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 value of assets and liabilities that are not readily apparent from other sources.

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. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

Judgements

These financial statements do not contain any significant judgements or estimation uncertainty.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in the preparation of these financial statements other than those detailed in these accounting policies.

Turnover

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 and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits can be reliably measured, and it is probable that future economic benefits will flow to the entity.

The company deems that the risks and rewards of ownership pass when products are delivered to customers and it is at this point revenue is recognised.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred 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.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

Depreciation

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

Asset class	Depreciation method and rate
Leasehold land and buildings	Nil
Furniture, fittings and equipment	20% of cost per annum
Other property, plant and equipment	5% to 8.33% of cost per annum
Motor vehicles	25% of cost per annum

Leasehold land and buildings relate to capitalised leasehold improvements. The leasehold has no fixed term as the freehold is owned by the directors of the company, any depreciation charge would hence be immaterial.

Intangible assets

Computer software is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life. Computer software in the course of development is not amortised until that development is completed.

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.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to be completion and selling costs. Costs include all direct costs are an appropriate proportion of fixed and variable overheads. Cost is determined using the first-in, first-out (FIFO) method.

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. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. 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 debtors.

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 all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Retained earnings

Retained earnings are classified as equity and represent accumulated realised profits that the company has earned to date, less any dividends paid or other distributions made to its shareholders. This balance therefore represents the distributable reserves of the company that can be used to make any future distributions to company shareholders, subject to the regulations specified in section 830 of the Companies Act 2006.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group 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.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

Financial instruments

Classification

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, loans from related parties and investments in non-puttable ordinary shares.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as 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. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Recognition and measurement

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets carrying value and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an assets carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position when there is an 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.

Impairment

At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2019	2018
	£	£
Sale of goods	11,921,831	11,295,249

An analysis of turnover by geographical location is given below:

	2019	2018
	£	£
UK	8,959,672	9,337,433
Rest of World	2,962,159	1,957,816
	11,921,831	11,295,249

4 Operating profit

Arrived at after charging

	2019	2018
	£	£
Depreciation	666,907	569,008
Operating lease expense - other assets	202,500	202,500
Operating lease expense - plant and machinery	1,854	12,895

5 Particulars of employees

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	4,925,470	4,482,563
Social security costs	552,873	488,096
Pension costs, defined contribution scheme	69,757	35,185
	5,548,100	5,005,844

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Production	92	73
Administration and support	23	33
	115	106

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	896,736	892,647

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	247,014	246,568

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank borrowings	57,335	41,349
Interest on finance leases	55,700	45,991
	113,035	87,340

8 Auditors' remuneration

	2019 £	2018 £
Auditors remuneration - audit	8,000	8,000
Auditors remuneration - non audit services	19,020	2,000
	27,020	10,000

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

9 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax adjustment to prior periods	(180,268)	(10,507)
Deferred taxation		
Arising from origination and reversal of timing differences	164,967	103,225
Tax (receipt)/expense in the income statement	(15,301)	92,718

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	(354,420)	(153,525)
Corporation tax at standard rate	(67,340)	(29,170)
Adjustments to tax charge in respect of previous periods	(180,268)	(10,507)
Non deductible expenses	48,279	76,883
Tax increase (decrease) from other short-term timing differences	-	(1,899)
Tax increase (decrease) from effect of unrelieved tax losses carried forward	38,099	41,755
Fixed asset differences	145,929	15,656
Total tax (credit)/charge	(15,301)	92,718

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Fixed asset timing differences	648,706
2018	
Fixed asset timing differences	483,739

IMPCROSS LIMITED**Notes to the Financial Statements for the Year Ended 30 June 2019****10 Tangible assets**

	Leasehold land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2018	353,066	775,624	7,502,474	459,870	9,091,034
Additions	-	154,707	639,776	136,810	931,293
Disposals	-	-	-	(101,130)	(101,130)
At 30 June 2019	353,066	930,331	8,142,250	495,550	9,921,197
Depreciation					
At 1 July 2018	42,184	338,013	3,630,105	309,540	4,319,842
Charge for the year	-	137,363	463,050	66,494	666,907
Eliminated on disposal	-	-	-	(65,313)	(65,313)
At 30 June 2019	42,184	475,376	4,093,155	310,721	4,921,436
Carrying amount					
At 30 June 2019	310,882	454,955	4,049,095	184,829	4,999,761
At 30 June 2018	310,882	437,611	3,872,369	150,330	4,771,192

Leased assets

Included within the net book value of tangible fixed assets is £1,921,842 (2018 - £2,099,025) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation in the year on these assets was £263,043 (2018 - £255,482).

11 Stocks

	2019 £	2018 £
Raw materials	565,482	572,909
Work in progress	3,075,849	2,635,161
	<u>3,641,331</u>	<u>3,208,070</u>

The cost of stocks recognised as an expense in the year amounted to £2,872,593 (2018 - £2,774,328).

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

12 Debtors

	Note	2019 £	2018 £
Trade debtors		2,371,908	1,787,054
Other debtors		598,771	1,033,309
Prepayments and accrued income		356,434	355,809
Corporation tax asset	9	28,411	22,823
		<u>3,355,524</u>	<u>3,198,995</u>

13 Creditors

	Note	2019 £	2018 £
Amounts falling due within one year			
Loans and borrowings	14	3,348,619	3,277,976
Trade creditors		1,512,110	1,428,620
Other taxes and social security		309,714	163,164
Other creditors		832,613	684
Accruals and deferred income		114,254	94,884
		<u>6,117,310</u>	<u>4,965,328</u>

Amounts falling due after more than one year

Loans and borrowings	14	688,041	840,728
Deferred income		39,665	45,894
		<u>727,706</u>	<u>886,622</u>

14 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank overdrafts	2,129,665	2,527,087
Finance lease liabilities	668,954	750,889
Other borrowings	550,000	-
	<u>3,348,619</u>	<u>3,277,976</u>

	2019 £	2018 £
Non-current loans and borrowings		
Finance lease liabilities	<u>688,041</u>	<u>840,728</u>

The overdraft is secured by fixed and floating charges over the assets and undertakings of the company.
Obligations under finance leases are secured on the assets to which they relate.

IMPCROSS LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2019

15 Commitments

Operating lease commitments

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	109,310	109,103
Later than one year and not later than five years	17,618	16,238
	<u>126,928</u>	<u>125,341</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £204,354 (2018 - £209,689).

16 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>922,660</u>	<u>922,660</u>	<u>922,660</u>	<u>922,660</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £69,757 (2018 - £35,185).

18 Related party transactions

During the year the company made the following related party transactions:

Transactions with directors

During the year, the company paid rent of £202,500 (2018 - £202,500) to directors of the company. The rent arrangement is considered by the directors to be on commercial trading terms.

At the inception date of the lease, the company paid the related party a deposit. At the balance sheet date, the balance of this deposit was £200,000 (2018 - £200,000).

At the balance sheet date, due to other loans put in place during the period, these directors were owed £1,202,400 by the company (2018 - £261,939 owed by the directors).

During the previous year, the company advanced funds to a director. At the balance sheet date, the amount due from the director was £417,631 (2018 - £417,631).

19 Control

The company is controlled by R L Arnold by virtue of his majority shareholding.

