

Company Registration No. 6802470 (England and Wales)

PE487 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



PE487 LIMITED

COMPANY INFORMATION

Directors	A Cowen R J Lowe M R Richards A J Howells R Castangia (Appointed 1 January 2020)
Secretary	M R Richards
Company number	6802470
Registered office	Biopharma House Winnall Valley Road Winnall Winchester Hampshire United Kingdom SO23 0LD
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN
Business address	Biopharma House Winnall Valley Road Winnall Winchester Hampshire United Kingdom SO23 0LD

PE487 LIMITED

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PE487 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Review of the Business

During the year the group has seen an increase in their turnover by £3,920,975 to £17,791,863 (2019: £13,870,888), as a result of an increased demand for its products to assist with the fight against the pandemic. This has resulted in a gross profit of £7,263,146 (2019: £4,676,668). The directors are pleased with the performance of the group and are continuing to work to grow the group.

Principal Risks and uncertainties

The group's financial instruments at the balance sheet date comprised of bank loans, HP loans and cash and liquid resources. In addition, the group has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's activities.

The main risks from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. In common with businesses of a similar size, these risks are managed by the board, who set the policies and circumstances for the use of financial instruments and with are monitored and reviewed on an ongoing basis.

Interest rate risk

The group's loan comprise both fixed and floating rate liabilities. Any exposure to interest rate fluctuations is managed in order that the group's operations are financed through retained profits.

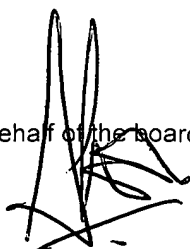
Liquidity and cash flow risk

Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash, overdraft and loan facilities are in place.

Exchange rate risk

A significant number of transactions are in foreign currency so any movement on the exchange rate can have an effect on the company. To reduce the risk, the group has a presence in the US and Europe, as well as using foreign forward contracts on significant purchases.

On behalf of the board



A Cowen

Director

30 April 2021

PE487 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the company and group continued to be that of providing specialist equipment, training and consultancy for the process industry.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Cowen
R J Lowe
M R Richards
A J Howells
R Castangia

(Appointed 1 January 2020)

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Wilkins Kennedy Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually 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 auditor of the company is aware of that information.

On behalf of the board



A Cowen
Director

30 April 2021

PE487 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PE487 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PE487 LIMITED

Opinion

We have audited the financial statements of PE487 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 and the parent company's affairs as at 31 December 2020 and of the group's 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 directors' use of the going concern basis of accounting in the preparation of the financial statements 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 group's and parent company'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 annual report. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

PE487 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PE487 LIMITED

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 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 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, 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 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 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 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.

PE487 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PE487 LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

Julian Golding (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

30 April 2021

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
United Kingdom
EC4R 9AN

PE487 LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	17,315,429	13,870,888
Cost of sales		(10,052,283)	(9,194,220)
Gross profit		7,263,146	4,676,668
Administrative expenses		(4,126,028)	(3,631,631)
Other operating income		261,625	60,753
Operating profit	4	3,398,743	1,105,790
Interest receivable and similar income	8	-	1,052
Interest payable and similar expenses	9	(156,662)	(55,813)
Profit before taxation		3,242,081	1,051,029
Tax on profit	10	(657,379)	(160,093)
Profit for the financial year		2,584,702	890,936
Profit for the financial year is attributable to:			
- Owners of the parent company		2,740,910	876,664
- Non-controlling interests		(156,208)	14,272
		2,584,702	890,936

PE487 LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Profit for the year	2,584,702	890,936
Other comprehensive income		
Currency translation differences	20,910	(17,752)
Total comprehensive income for the year	2,605,612	873,184
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	2,761,820	858,912
- Non-controlling interests	(156,208)	14,272
	2,605,612	873,184

PE487 LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	11		1,826,055		2,101,800
Other intangible assets	11		2,371,200		2,470,000
Total intangible assets			4,197,255		4,571,800
Tangible assets	12		1,869,699		1,550,631
			6,066,954		6,122,431
Current assets					
Stocks	15	724,094		615,975	
Debtors	17	4,461,315		3,231,315	
Cash at bank and in hand		3,682,365		1,172,270	
			8,867,774		5,019,560
Creditors: amounts falling due within one year	18	(5,540,432)		(4,244,512)	
Net current assets			3,327,342		775,048
Total assets less current liabilities			9,394,296		6,897,479
Creditors: amounts falling due after more than one year	19		(1,743,784)		(1,889,092)
Provisions for liabilities					
Deferred tax liability	22	571,825		535,312	
			(571,825)		(535,312)
Net assets			7,078,687		4,473,075
Capital and reserves					
Called up share capital	25		6,695		6,695
Capital redemption reserve			1		1
Profit and loss reserves			5,148,367		2,386,547
Equity attributable to owners of the parent company			5,155,063		2,393,243
Non-controlling interests			1,923,624		2,079,832
			7,078,687		4,473,075

PE487 LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by:



A Cowen
Director

PE487 LIMITED

COMPANY BALANCE SHEET

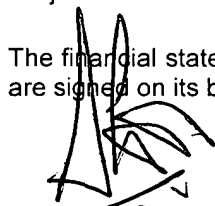
AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	13		1,457,442		1,457,442
Current assets					
Debtors	17	2,382,276		2,140,348	
Cash at bank and in hand		118,680		232,258	
		<u>2,500,956</u>		<u>2,372,606</u>	
Creditors: amounts falling due within one year	18	<u>(725,203)</u>		<u>(621,168)</u>	
Net current assets			1,775,753		1,751,438
Total assets less current liabilities			<u>3,233,195</u>		<u>3,208,880</u>
Creditors: amounts falling due after more than one year	19		<u>(1,411,915)</u>		<u>(1,543,980)</u>
Net assets			<u><u>1,821,280</u></u>		<u><u>1,664,900</u></u>
Capital and reserves					
Called up share capital	25		6,695		6,695
Capital redemption reserve			1		1
Profit and loss reserves			<u>1,814,584</u>		<u>1,658,204</u>
Total equity			<u><u>1,821,280</u></u>		<u><u>1,664,900</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £156,380 (2019 - £583,917 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by:



A Cowen
Director

Company Registration No. 6802470

PE487 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		101	1	1,080,881	1,080,983
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	583,917	583,917
Bonus issue of shares	25	6,594	-	(6,594)	-
Balance at 31 December 2019		6,695	1	1,658,204	1,664,900
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	156,380	156,380
Balance at 31 December 2020		6,695	1	1,814,584	1,821,280

PE487 LIMITED

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

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2019		101	1	1,534,229	1,534,331	78,641	1,612,972
Year ended 31 December 2019:							
Profit for the year		-	-	876,664	876,664	14,272	890,936
Other comprehensive income:							-
Currency translation differences		-	-	(17,752)	(17,752)	-	(17,752)
Total comprehensive income for the year		-	-	858,912	858,912	14,272	873,184
Bonus issue of shares	25	6,594	-	(6,594)	-	-	-
Acquisition of subsidiary		-	-	-	-	1,986,919	1,986,919
Balance at 31 December 2019		6,695	1	2,386,547	2,393,243	2,079,832	4,473,075
Year ended 31 December 2020:							
Profit for the year		-	-	2,740,910	2,740,910	(156,208)	2,584,702
Other comprehensive income:							
Currency translation differences		-	-	20,910	20,910	-	20,910
Total comprehensive income for the year		-	-	2,761,820	2,761,820	(156,208)	2,605,612
Balance at 31 December 2020		6,695	1	5,148,367	5,155,063	1,923,624	7,078,687

PE487 LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	30	3,729,260		1,053,874	
Interest paid		(156,662)		(55,813)	
Income taxes paid		(336,419)		(92,007)	
Net cash inflow from operating activities		<u>3,236,179</u>		<u>906,054</u>	
Investing activities					
Purchase of tangible fixed assets		(447,655)		(633,572)	
Proceeds on disposal of tangible fixed assets		25,943		44,954	
Purchase of subsidiaries		-		(1,048,158)	
Proceeds from other investments and loans		-		(11,362)	
Interest received		-		1,052	
Net cash used in investing activities		<u>(421,712)</u>		<u>(1,647,086)</u>	
Financing activities					
Repayment of shareholder loans		-		(203,276)	
Repayment of borrowings		-		(68,692)	
Proceeds of new bank loans		-		1,421,700	
Repayment of bank loans		(107,162)		(18,273)	
Payment of finance leases obligations		(212,207)		(230,934)	
Net cash (used in)/generated from financing activities		<u>(319,369)</u>		<u>900,525</u>	
Net increase in cash and cash equivalents		<u>2,495,098</u>		<u>159,493</u>	
Cash and cash equivalents at beginning of year		1,172,270		1,030,529	
Effect of foreign exchange rates		14,997		(17,752)	
Cash and cash equivalents at end of year		<u><u>3,682,365</u></u>		<u><u>1,172,270</u></u>	

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

PE487 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Biopharma House, Winnall Valley Road, Winnall, Winchester, Hampshire, United Kingdom, SO23 0LD.

The group consists of PE487 Limited and all of its subsidiaries.

1.1 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 £.

The financial statements have been prepared under 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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company PE487 Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.4 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.

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.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Technical know-how	over 25 years
--------------------	---------------

1.8 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the lease term
Leasehold improvements	Over the lease term
Plant and equipment	Over 5 - 10 years
Fixtures and fittings	Over 5 - 10 years
Computers	Over 1 - 3 years
Motor vehicles	Over 4 years

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.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 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.

Work in progress is valued at the lower of cost and net realisable value.

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.

1.12 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.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors 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. Financial assets classified as receivable within one year are not amortised.

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.

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 cash flows discounted at the asset's original effective interest rate. 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 or 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 group 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 group after deducting all of its liabilities.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 Share-based payments

All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. The fair value is determined at the grant date, taking into account the terms and conditions upon which the options were granted.

All equity settled share based payments are recognised as an expense in the Profit and Loss statement with a corresponding credit to "Other reserves."

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

On the exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium.

1.18 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 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 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.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 a continuing 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.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

(i) Impairment of debtors

The Company makes an estimate of the recoverable value of its debtors, including inter-company and other debtors. When assessing impairment of debtors, management considers factors including any history of non-payment by the counter-party or any other factors which indicate that they may not be able to settle their obligation to the company in full.

(ii) Impairment of stock

The Company makes an estimate of the stock obsolescence. When assessing the impairment of stock, management considers factors including future selling price of stock and expected demand and best before dates of goods for resale.

(iii) Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement future investments, economic utilisation and the physical condition of the assets.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sales	7,280,915	6,855,087
Service and parts	4,896,204	5,416,325
Consultancy	5,056,847	1,453,279
Training	79,468	145,255
Other income	1,995	942
	<u>17,315,429</u>	<u>13,870,888</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	-	1,052
Grants received	<u>169,218</u>	<u>-</u>

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue		(Continued)	
	2020	2019	
	£	£	
Turnover analysed by geographical market			
United Kingdom	12,999,851	8,761,355	
Europe	3,137,173	3,783,111	
United States of America	572,393	486,975	
Asia	408,598	350,015	
Rest of the World	197,414	489,432	
	<u>17,315,429</u>	<u>13,870,888</u>	
4 Operating profit			
	2020	2019	
	£	£	
Operating profit for the year is stated after charging/(crediting):			
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss			
	43,499	6,157	
Research and development costs	47,183	6,000	
Government grants	(169,218)	-	
Depreciation of owned tangible fixed assets	206,116	109,687	
Depreciation of tangible fixed assets held under finance leases	176,292	181,748	
Profit on disposal of tangible fixed assets	(13,893)	(31,838)	
Amortisation of intangible assets	374,545	153,400	
Operating lease charges	157,758	160,053	
	<u>157,758</u>	<u>160,053</u>	
5 Auditor's remuneration			
	2020	2019	
	£	£	
Fees payable to the company's auditor and associates:			
For audit services			
Audit of the financial statements of the group and company	9,200	5,075	
Audit of the financial statements of the company's subsidiaries	56,017	37,216	
	<u>65,217</u>	<u>42,291</u>	

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	5	4	4	4
Sales and admin	71	58	-	-
Engineers	33	34	-	-
Temporary employees	12	-	-	-
Total	121	96	4	4

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	4,904,498	3,717,773	563,261	350,550
Social security costs	483,501	465,369	72,855	44,512
Pension costs	143,123	92,404	25,000	15,000
	5,531,122	4,275,546	661,116	410,062

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	565,678	330,467
Company pension contributions to defined contribution schemes	25,000	15,000
	590,678	345,467

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	180,745	147,460
Company pension contributions to defined contribution schemes	10,000	5,000

Retirement benefits are accruing for 3 directors (2019: 2).

Key management personnel of the company are considered to be the directors. As such, a separate analysis of compensation paid to key management is not provided.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Other interest income	-	1,052
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	107,156	7,301
Interest on invoice finance arrangements	23,752	18,125
Other interest on financial liabilities	1,350	2,025
Interest on finance leases and hire purchase contracts	24,404	28,362
	<u> </u>	<u> </u>
Total finance costs	156,662	55,813
	<u> </u>	<u> </u>

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	644,663	185,825
Adjustments in respect of prior periods	26,404	(29,157)
	<u> </u>	<u> </u>
Total current tax	671,067	156,668
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(13,688)	3,425
	<u> </u>	<u> </u>
Total tax charge	657,379	160,093
	<u> </u>	<u> </u>

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	3,242,081	1,051,029
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	615,995	199,696
Tax effect of expenses that are not deductible in determining taxable profit	1,361	1,910
Tax effect of income not taxable in determining taxable profit	(10,816)	(18,814)
Tax effect of utilisation of tax losses not previously recognised	(45,483)	-
Unutilised tax losses carried forward	34,141	-
Adjustments in respect of prior years	1,900	-
Effect of change in corporation tax rate	(9,046)	-
Double tax relief	2,126	-
Permanent capital allowances in excess of depreciation	(1,622)	-
Depreciation on assets not qualifying for tax allowances	2,379	6,458
Amortisation on assets not qualifying for tax allowances	40,040	-
Under/(over) provided in prior years	26,404	(29,157)
Taxation charge	657,379	160,093

11 Intangible fixed assets

Group	Goodwill £	Technical know-how £	Total £
Cost			
At 1 January 2020 and 31 December 2020	2,821,842	2,470,000	5,291,842
Amortisation and impairment			
At 1 January 2020	720,042	-	720,042
Amortisation charged for the year	275,745	98,800	374,545
At 31 December 2020	995,787	98,800	1,094,587
Carrying amount			
At 31 December 2020	1,826,055	2,371,200	4,197,255
At 31 December 2019	2,101,800	2,470,000	4,571,800

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2020	607,033	32,355	886,506	679,903	158,800	736,094	3,100,691
Additions	15,473	10,502	44,619	426,776	5,023	205,220	707,613
Disposals	-	-	(2,150)	-	-	(55,770)	(57,920)
Exchange adjustments	-	-	5,608	487	-	3,610	9,705
At 31 December 2020	622,506	42,857	934,583	1,107,166	163,823	889,154	3,760,089
Depreciation and impairment							
At 1 January 2020	60,599	8,358	646,114	339,283	154,074	341,632	1,550,060
Depreciation charged in the year	14,528	4,443	81,003	101,901	8,121	172,412	382,408
Eliminated in respect of disposals	-	-	(1,003)	-	-	(44,867)	(45,870)
Exchange adjustments	-	-	2,396	135	-	1,261	3,792
At 31 December 2020	75,127	12,801	728,510	441,319	162,195	470,438	1,890,390
Carrying amount							
At 31 December 2020	547,379	30,056	206,073	665,847	1,628	418,716	1,869,699
At 31 December 2019	546,434	23,997	240,392	340,620	4,726	394,462	1,550,631

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	125,593	104,497	-	-
Fixtures and fittings	150,964	82,281	-	-
Motor vehicles	338,303	381,859	-	-
	<u>614,860</u>	<u>568,637</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	1,457,442	1,457,442

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 and 31 December 2020	1,457,442
Carrying amount	
At 31 December 2020	1,457,442
At 31 December 2019	1,457,442

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect	
Absolute Carbon Filters Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	100.00	-
Biopharma Overseas Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	100.00
Biopharma Process Systems Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	100.00	-
Biopharma Technologies SAS	ZA Grange Neuve, 26 route de Bourgoin, 38790 Diemoz, France	Ordinary	-	75.00
Biopharma Technology Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	100.00	-
Biopharma Technology LLC	40600 Ann Arbor Road East, Suite 201, Plymouth, MI 48170-4675	Ordinary	-	100.00
BPS Crowthorne Limited	38 Main Street, Swords, Co. Dublin	Ordinary	-	100.00
Crowthorne Group Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	100.00	-
Crowthorne Hi-Tec Services Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	100.00
Crowthorne Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	100.00
Measured Protection Limited	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	100.00
PE489 Limited - incorporated 30 September 2019	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	51.00
Easytesters Limited - acquired 12 December 2019	Biopharma House, Winnall Valley Road, Winnall, Winchester SO23 0LD	Ordinary	-	51.00

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	143,339	386,356	-	-
Work in progress	43,882	216,038	-	-
Finished goods and goods for resale	536,873	13,581	-	-
	<u>724,094</u>	<u>615,975</u>	<u>-</u>	<u>-</u>

Stock is stated after provisions for impairment of £nil (2019: £nil).

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,972,553	2,817,041	2,380,384	1,102,036
Carrying amount of financial liabilities				
Measured at amortised cost	5,677,183	5,835,933	3,073,388	1,324,356

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	3,696,403	2,579,975	-	-
Corporation tax recoverable	57,929	1,483	-	-
Amounts owed by group undertakings	-	-	1,376,003	1,086,047
Other debtors	189,387	235,784	118	21,229
Prepayments and accrued income	455,456	402,140	175	97
	4,399,175	3,219,382	1,376,296	1,107,373
Deferred tax asset (note 22)	62,140	11,933	-	-
	4,461,315	3,231,315	1,376,296	1,107,373
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	1,005,980	1,032,975
Total debtors	4,461,315	3,231,315	2,382,276	2,140,348

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	20	12,728	12,728	12,728	12,728
Bank loans	20	252,492	231,798	237,443	217,025
Obligations under finance leases	21	265,694	212,202	-	-
Trade creditors		1,100,215	1,592,806	29,223	59,999
Amounts owed to group undertakings		-	-	200,703	200,502
Corporation tax payable		483,770	92,670	-	-
Other taxation and social security		1,123,263	205,001	15,958	11,473
Other creditors		839,002	729,558	16,022	-
Accruals and deferred income		1,463,268	1,167,749	213,126	119,441
		<u>5,540,432</u>	<u>4,244,512</u>	<u>725,203</u>	<u>621,168</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	20	81,010	86,080	-	-
Bank loans and overdrafts	20	1,146,803	1,181,300	1,005,980	1,032,975
Obligations under finance leases	21	191,046	196,787	-	-
Amounts owed to group undertakings		-	-	81,010	86,080
Other creditors		324,925	424,925	324,925	424,925
		<u>1,743,784</u>	<u>1,889,092</u>	<u>1,411,915</u>	<u>1,543,980</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>56,210</u>	<u>164,875</u>	<u>56,210</u>	<u>164,875</u>
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20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	93,738	98,808	12,728	12,728
Bank loans	1,399,295	1,413,098	1,243,423	1,250,000
	<u>1,493,033</u>	<u>1,511,906</u>	<u>1,256,151</u>	<u>1,262,728</u>
Payable within one year	265,220	244,526	250,171	229,753
Payable after one year	<u>1,227,813</u>	<u>1,267,380</u>	<u>1,005,980</u>	<u>1,032,975</u>

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Loans and overdrafts

(Continued)

The long-term loans are secured by fixed charges over the assets of the company.

The group has a debenture loan with Lloyds Commercial Finance of £93,738 (2019: £98,606). The loan is repayable over 12 years. The interest rate on the loan is LIBOR plus 2.95% per annum.

The group has a mortgage with Lloyds Bank of £155,872 (2019: £163,300). The loan is repayable over 10 years. The interest rate on the loan is LIBOR plus 2.95% per annum.

The group has a loan with SME Alternative Financing DAC of £1,243,423 (2019: £1,250,000). The loan is payable over 8 years. The interest rate on the loan is 8.5% fixed rate.

21 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	253,682	236,777	-	-
In two to five years	235,075	205,996	-	-
	<u>488,757</u>	<u>442,773</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(32,017)	(33,784)	-	-
	<u>456,740</u>	<u>408,989</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	571,825	535,312	30,441	11,933
Tax losses	-	-	31,699	-
	<u>571,825</u>	<u>535,312</u>	<u>62,140</u>	<u>11,933</u>

The company has no deferred tax assets or liabilities.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Deferred taxation (Continued)

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 January 2020	523,379	-
Credit to profit or loss	(13,694)	-
Liability at 31 December 2020	<u>509,685</u>	<u>-</u>

23 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>143,123</u>	<u>92,404</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share-based payment transactions

At 31 December 2020, the Group had the following share-based payment arrangements.

On 27 January 2019, the Group established a share option programmes that entitled key management personnel to purchase shares in the Company. Under these programmes, holders of vested options are entitled to purchase C Ordinary shares and D Ordinary shares, at the market price of the shares at grant date. Currently, these programmes are limited to key management personnel.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Hurdle Share Options (D Ordinary shares), can be exercised if the Group achieves Tranche Target Profit before tax for the next 3 years, starting with the year ended 31 December 2019.

Capped Share Options (C Ordinary shares), equal to the number of D shares issued, can be exercised when the conditions of the Hurdle Share Options are met and only if the employee leaves employment as a good leaver or on a sale of the company.

In the event that a relevant PBT target is not met in relation to a tranche, that option cannot be exercised, except if the cumulative actual PBT exceeds the cumulative target PBT, over the 3 years of the conditions.

If performance conditions have not been met, in accordance with each individual tranche or following the averaging rules, then the share options will lapse.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share-based payment transactions

(Continued)

Group and company	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 January 2020	180,000	-	0.01	-
Granted	39,374	360,000	0.01	0.01
Forfeited	-	(180,000)	-	0.01
Outstanding at 31 December 2020	<u>219,374</u>	<u>180,000</u>	<u>0.01</u>	<u>0.01</u>
Exercisable at 31 December 2020	<u>219,374</u>	<u>180,000</u>	<u>0.01</u>	<u>0.01</u>

The options outstanding at 31 December 2020 had an exercise price £0.01, and a remaining contractual life of 10 years.

Group and company

For all share options granted above, the company has recognised the fair value of the services received using the indirect method, i.e. based on the value of the equity instruments granted.

25 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of 1p each	669,375	669,375	6,694	6,694
Ordinary B shares of £1 each	1	1	1	1
	<u>669,376</u>	<u>669,376</u>	<u>6,695</u>	<u>6,695</u>

Ordinary A shares, carry full rights including as to voting, attending and speaking at meetings, dividends, distributions and on a winding up.

Ordinary B shares, carry no right to voting or to receive notices of and attend meetings.

On 17 January 2019 there was a subdivision of 100 £1 Ordinary A shares into 10,000 Ordinary A £0.01 shares, followed by a bonus issue of Ordinary £0.01 A shares of 1,055 £0.01 A shares for every 16 £0.01 A shares held.

The company also allotted 118,125 C shares of £0.01 each and 118,125 D shares of £0.01 each in the capital of the company pursuant to the EMI Scheme.

26 Financial commitments, guarantees and contingent liabilities

The group has entered into a mortgage debenture in favour of Andrew Cowen, Rupert Lowe, Michael Richards and Kolker Capital Inc. The security comprises the assets of the group, the value of contracts, and other claims, and fixed plant and machinery.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	123,224	108,793	-	-
Between two and five years	365,558	364,640	-	-
In over five years	1,472,057	1,559,759	-	-
	<u>1,960,839</u>	<u>2,033,192</u>	<u>-</u>	<u>-</u>

28 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Rental lease	
	2020 £	2019 £
Group		
Key management personnel	<u>12,000</u>	<u>12,000</u>

29 Controlling party

The company is owned by a number of private shareholders and companies. Accordingly there is no parent entity nor ultimate controlling party.

PE487 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	2,584,702	890,936
Adjustments for:		
Taxation charged	657,379	160,093
Finance costs	156,662	55,813
Investment income	-	(1,052)
Gain on disposal of tangible fixed assets	(13,893)	(31,838)
Amortisation and impairment of intangible assets	374,545	153,400
Depreciation and impairment of tangible fixed assets	382,408	294,184
Movements in working capital:		
(Increase)/decrease in stocks	(108,119)	83,707
Increase in debtors	(1,135,058)	(732,102)
Increase in creditors	830,634	180,733
Cash generated from operations	3,729,260	1,053,874

31 Analysis of changes in net funds/(debt) - group

	1 January 2020 £	Cash flows £	New finance leases £	Exchange rate movements £	31 December 2020 £
Cash at bank and in hand	1,172,270	2,495,098	-	14,997	3,682,365
Borrowings excluding overdrafts	(1,511,906)	18,873	-	-	(1,493,033)
Obligations under finance leases	(408,989)	212,207	(259,958)	-	(456,740)
	<u>(748,625)</u>	<u>2,726,178</u>	<u>(259,958)</u>	<u>14,997</u>	<u>1,732,592</u>