

Paton Capital Ltd

**Annual Report and Consolidated Financial Statements
for the Year Ended 31 March 2020**

Paton Capital Ltd

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Paton Capital Ltd

Company Information

Directors	N H Paton A J Cushen
Registered office	Knoll House Knoll Road Camberley Surrey GU15 3SY
Auditors	Stewart & Co Registered Auditors and Chartered Accountants Knoll House Knoll Road Camberley Surrey GU15 3SY

Paton Capital Ltd

Strategic Report for the Year Ended 31 March 2020

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

Fair review of the business

The principal activity of the group in the year under review was the provision of refurbishment, interior fit-out services, design and build and property development and manufacturing to support these activities. The group operates in principally the hotel, restaurants and bars, leisure and bespoke residential sectors.

2020 has been a good year with a healthy turnover. We have invested in people and technology to achieve greater control and communication throughout the business and help build a platform for planned future growth and expansion.

This has helped us to reduce our overheads and still keep a healthy turnover of £18,196,955 (2019: £21,568,695).

The group continues to invest in training and emphasise site safety. Work has been successfully procured where equality and delivery is valued highly by customers and the team continues to build on this strength.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are:

- The impact of the coronavirus pandemic
 - An uncertain economic outlook for the general UK economy
 - The potential impact of Brexit on our supply chain and exchange rates
 - Potential regulatory and legislative changes in the industry regarding health and safety
- In addition the group is exposed to the usual business risks associated with its core operations:

- The credit risk associated with completing works ahead of being paid.
- The availability of working capital to fund large and complex projects
- The impact on customer demand due to changes in the UK economy
- A skills shortage in the labour market
- The inflation risk associated with delivering fixed price contracts
- The health and safety of our team in sometimes challenging operating environments
- The impact of a material reduction in workload on high fixed operating costs

The board regularly monitors and manages these risks through commercial arrangements, employing appropriately skilled and qualified people with a dedication and enthusiasm for their roles and providing appropriate training for all where it is considered necessary.

Future developments

Due to the difficulty of operating through the coronavirus pandemic the group is forecasting a return to turnover levels of 2018 in the next financial period, and then an increase beyond current levels for 2021/22, as the group continues to secure new projects from existing clients. The group continues to diversify and expand its customer base.

The group intends to further enhance its digital capabilities and embrace developing technology.

Paton Capital Ltd

Strategic Report for the Year Ended 31 March 2020

Key performance indicators

The directors use turnover, profitability and overhead as a percentage of turnover as the key financial indicators as well as monitoring future secured pipeline of work.

The directors consider non-financial measures like staff satisfaction, customer satisfaction, delivery and health and safety. Focusing on these key performance indicators enable the company to successfully deliver high quality projects.

Approved by the Board on 31 March 2021 and signed on its behalf by:

.....
A J Cushen
Director

Paton Capital Ltd

Directors' Report for the Year Ended 31 March 2020

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

Directors of the group

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

N H Paton

A J Cushen

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,427,254 (2019: £1,729,626). The directors do not recommend payment of a further dividend.

Information included in the Strategic Report

The company in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Financial instruments

The group does not use any financial instruments to hedge its risks associated with price, credit, liquidity or cash flow.

Research and development

The group did not undertake research and development activities during the year (2019: Nil).

Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 31 March 2021 and signed on its behalf by:

.....
A J Cushen
Director

Paton Capital Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 have 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.

Paton Capital Ltd

Independent Auditor's Report to the Members of Paton Capital Ltd

Qualified opinion

We have audited the financial statements of Paton Capital Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 March 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 qualified opinion on financial statements

Due to circumstances caused by the Covid pandemic we were unable to observe the counting of physical inventories at the end of the year in regards to a subsidiary of the parent company, which has been consolidated into these financial statements. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of finished goods and raw materials held at 31 March 2020, which are included in the balance sheet at £136,229, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount is necessary.

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 qualified 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information 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.

Paton Capital Ltd

Independent Auditor's Report to the Members of Paton Capital Ltd

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £136,229 held at 31 March 2020. We have concluded that where other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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
- 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

Except for the matter described in the basis for qualified opinion section of our report, in 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 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.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit and we were unable to determine whether adequate accounting records have been kept.

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:

- 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 Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Paton Capital Ltd

Independent Auditor's Report to the Members of Paton Capital Ltd

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Paton Capital Ltd

Independent Auditor's Report to the Members of Paton Capital Ltd

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Gary Robinson MSc BSc FCA (Senior Statutory Auditor)

For and on behalf of Stewart & Co, Statutory Auditor

Knoll House

Knoll Road

Camberley

Surrey

GU15 3SY

31 March 2021

Paton Capital Ltd

Consolidated Income Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	<u>3</u>	18,196,955	21,568,695
Cost of sales		<u>(13,794,536)</u>	<u>(16,064,403)</u>
Gross profit		4,402,419	5,504,292
Administrative expenses		(2,529,708)	(2,460,080)
Other operating income	<u>4</u>	<u>42,705</u>	<u>38,457</u>
Operating profit	<u>5</u>	<u>1,915,416</u>	<u>3,082,669</u>
Other interest receivable and similar income	<u>6</u>	4	1
Interest payable and similar expenses	<u>7</u>	<u>(7,202)</u>	<u>(7,661)</u>
		<u>(7,198)</u>	<u>(7,660)</u>
Profit before tax		1,908,218	3,075,009
Tax on profit	<u>11</u>	<u>(377,913)</u>	<u>(595,958)</u>
Profit for the financial year		<u>1,530,305</u>	<u>2,479,051</u>
Profit/(loss) attributable to:			
Owners of the company		<u>1,530,305</u>	<u>2,479,051</u>

The group has no recognised gains or losses for the year other than the results above.

Paton Capital Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Profit for the year	<u>1,530,305</u>	<u>2,479,051</u>
Total comprehensive income for the year	<u><u>1,530,305</u></u>	<u><u>2,479,051</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>1,530,305</u></u>	<u><u>2,479,051</u></u>

Paton Capital Ltd

(Registration number: 07453589)

Consolidated Statement of Financial Position as at 31 March 2020

	Note	2020 £	(As restated) 2019 £
Fixed assets			
Tangible assets	<u>12</u>	1,100,544	1,149,453
Current assets			
Stocks	<u>14</u>	369,593	640,909
Debtors	<u>15</u>	5,016,205	4,621,493
Cash at bank and in hand		1,258,462	2,685,481
		<u>6,644,260</u>	<u>7,947,883</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,797,019)</u>	<u>(4,228,554)</u>
Net current assets		<u>3,847,241</u>	<u>3,719,329</u>
Total assets less current liabilities		4,947,785	4,868,782
Creditors: Amounts falling due after more than one year	<u>17</u>	<u>(74,325)</u>	<u>(87,886)</u>
Provisions for liabilities	<u>18</u>	<u>(61,873)</u>	<u>(72,360)</u>
Net assets		<u><u>4,811,587</u></u>	<u><u>4,708,536</u></u>
Capital and reserves			
Called up share capital	<u>20</u>	100	100
Revaluation reserve	<u>21</u>	84,265	-
Profit and loss account	<u>21</u>	<u>4,727,222</u>	<u>4,708,436</u>
Equity attributable to owners of the company		<u>4,811,587</u>	<u>4,708,536</u>
Shareholders' funds		<u><u>4,811,587</u></u>	<u><u>4,708,536</u></u>

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:

.....
A J Cushen
Director

Paton Capital Ltd

(Registration number: 07453589) Statement of Financial Position as at 31 March 2020

	Note	2020 £	(As restated) 2019 £
Fixed assets			
Tangible assets	<u>12</u>	470,000	470,000
Investments	<u>13</u>	1,100	1,100
		471,100	471,100
Current assets			
Debtors	<u>15</u>	2,181	369,728
Cash at bank and in hand		975	1,578,516
		3,156	1,948,244
Creditors: Amounts falling due within one year	<u>17</u>	(232,712)	(2,276,131)
Net current liabilities		(229,556)	(327,887)
Total assets less current liabilities		241,544	143,213
Creditors: Amounts falling due after more than one year	<u>17</u>	(74,325)	(87,886)
Net assets		167,219	55,327
Capital and reserves			
Called up share capital	<u>20</u>	100	100
Revaluation reserve		84,265	-
Profit and loss account		82,854	55,227
Shareholders' funds		167,219	55,327

No income statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £1,539,146 (2019 - profit of £1,576,924).

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:

.....
A J Cushen
Director

Paton Capital Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2020
Equity attributable to the parent company

	Share capital	Revaluation reserve	Profit and loss account	Total	Total equity
	£	£	£	£	£
At 1 April 2019	100	-	4,708,436	4,708,536	4,708,536
Profit for the year	-	-	1,530,305	1,530,305	1,530,305
Total comprehensive income	-	-	1,530,305	1,530,305	1,530,305
Dividends	-	-	(1,427,254)	(1,427,254)	(1,427,254)
Transfers	-	84,265	(84,265)	-	-
At 31 March 2020	100	84,265	4,727,222	4,811,587	4,811,587

	Share capital	Profit and loss account	Total	Total equity
	£	£	£	£
At 1 April 2018	100	3,959,011	3,959,111	3,959,111
Profit for the year	-	2,479,051	2,479,051	2,479,051
Total comprehensive income	-	2,479,051	2,479,051	2,479,051
Dividends	-	(1,729,626)	(1,729,626)	(1,729,626)
At 31 March 2019	100	4,708,436	4,708,536	4,708,536

Paton Capital Ltd

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 April 2019	100	-	55,227	55,327
Profit for the year	-	-	1,539,146	1,539,146
Total comprehensive income	-	-	1,539,146	1,539,146
Dividends	-	-	(1,427,254)	(1,427,254)
Transfers	-	84,265	(84,265)	-
At 31 March 2020	<u>100</u>	<u>84,265</u>	<u>82,854</u>	<u>167,219</u>
		Share capital	Profit and loss	Total
		£	account	£
At 1 April 2018		100	207,929	208,029
Profit for the year		-	1,576,924	1,576,924
Total comprehensive income		-	1,576,924	1,576,924
Dividends		-	(1,729,626)	(1,729,626)
At 31 March 2019		<u>100</u>	<u>55,227</u>	<u>55,327</u>

Paton Capital Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		1,530,305	2,479,051
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	147,586	174,208
Finance income	<u>6</u>	(4)	(1)
Finance costs	<u>7</u>	7,202	7,661
Income tax expense	<u>11</u>	377,913	595,958
		<u>2,063,002</u>	<u>3,256,877</u>
Working capital adjustments			
Decrease/(increase) in stocks	<u>14</u>	271,316	(92,983)
Increase in trade debtors	<u>15</u>	(377,063)	(1,034,356)
(Decrease)/increase in trade creditors	<u>17</u>	(1,349,207)	1,140,238
(Decrease)/increase in provisions	<u>18</u>	(16,075)	16,075
Cash generated from operations		591,973	3,285,851
Income taxes paid	<u>11</u>	(451,093)	(297,294)
Net cash flow from operating activities		<u>140,880</u>	<u>2,988,557</u>
Cash flows from investing activities			
Interest received		4	1
Acquisitions of tangible assets		(124,536)	(116,736)
Proceeds from sale of tangible assets		25,859	29,263
Net cash flows from investing activities		<u>(98,673)</u>	<u>(87,472)</u>
Cash flows from financing activities			
Interest paid	<u>7</u>	(7,202)	(7,661)
Proceeds from bank borrowing draw downs		(12,854)	(12,096)
Payments to finance lease creditors		(21,916)	(12,671)
Dividends paid		(1,427,254)	(1,729,626)
Net cash flows from financing activities		<u>(1,469,226)</u>	<u>(1,762,054)</u>
Net (decrease)/increase in cash and cash equivalents		(1,427,019)	1,139,031
Cash and cash equivalents at 1 April		<u>2,685,481</u>	<u>1,546,450</u>
Cash and cash equivalents at 31 March		<u>1,258,462</u>	<u>2,685,481</u>

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales. The registered number is 07453589.

The address of its registered office is:

Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY
United Kingdom

The principal place of business is:

Capital House
Guildford Road
Runfold
Farnham
Surrey
GU10 1PG

These financial statements were authorised for issue by the Board on 31 March 2021.

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 that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements have been rounded to the nearest £.

Summary of disclosure exemptions

This 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. 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' - Disclosures required under paragraphs 11.39 to 11.48A, and paragraphs 12.26 to 12.29;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel..

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2020.

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

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Going concern

The directors have performed an assessment of the ability of the group to continue trading as a going concern, and have prepared cash flow forecasts which demonstrate that the group can continue in operation for at least 12 months from the date of signing these accounts. The directors therefore determine the going concern basis of preparation continues to be appropriate.

Changes in accounting policy

New standards, interpretations and amendments effective

The following amendments to standards have had an effect on the financial statements:

Triennial review amendments to FRS 102

As a result of the triennial review amendments to FRS 102 the company has taken advantage of the choice to measure investment property rented to a group entity at cost, instead of at fair value. On transition to this new accounting policy the fair value of the property at transition date of 1 April 2018 has been recognised as deemed cost, being £470,000. Prior to the triennial amendments, the property had been recognised on the company balance sheet as an investment property. There is no profit impact from this reclassification.

Judgements and key sources of estimation uncertainty

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

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 when 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.

Key sources of estimation uncertainty

Gross amounts due from customers for contract work:

The group has made an assessment on the stage of completion of long-term contracts not complete at the reporting date. Such assessments determine the amount of turnover and related costs recognised in the profit and loss account, and are based on surveys performed of work completed. The carrying amount is £1,026,379 (2019 -£1,446,459).

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods or services provided in the normal course of business, and is shown net of VAT.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date based on surveys and work performed. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The 'percentage of completion method' is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining stage of completion. These costs are presented as assets, provided it is probable they will be recovered.

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.

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 income 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 group operates and generates taxable income.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

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

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position 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.

Properties whose fair value can be measured reliably are held under the revaluation model. Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and losses are recognised in profit or loss.

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.

Depreciation

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

Asset class	Depreciation method and rate
Freehold property	Straight line over 50 years to residual value
Leasehold improvements	Straight line over the lease term
Plant and machinery	15% reducing balance
Computer equipment	33% reducing balance
Motor vehicles	25% reducing balance
Freehold land	Not depreciated

The directors are of the opinion that the ongoing maintenance work undertaken keeps the freehold property to a high standard of repair. The directors believe the residual value of the property is not materially less than the value at which the property is shown in the financial statements. For these reasons, whilst the policy is to depreciate over 50 years to residual value, no depreciation has been recognised in these financial statements as the residual value is considered to be equivalent to the deemed cost recognised. The directors believe this to be showing a true and fair view as required by Section 393 of the Companies Act 2006.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

In the parent company financial statements, investments in subsidiaries are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash is represented by cash in hand and bank deposits.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Costs incurred in connection with future activity on a contract are presented as stock if it is possible that costs will be recovered.

Creditors

Short term creditors are measured at the transaction price.

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 Income Statement 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 group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group 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 Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement 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.

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.

Termination benefits

Termination benefits are recognised as an expense in profit or loss immediately when the company is committed by legislation, by contractual or other agreements or by a constructive obligation to make payments (or provide other benefits) to employees when it terminates their employment.

Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

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.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Financial instruments

Recognition and measurement

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties. These are measured at transaction price including transaction costs, and 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 and financial liabilities classified as receivable or payable within one year are not amortised.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. The impairment loss is recognised in profit or loss.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Revenue from contracts and sale of goods	17,947,706	21,419,266
Distribution income	249,249	149,429
	<u>18,196,955</u>	<u>21,568,695</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020	2019
	£	£
Miscellaneous other operating income	<u>42,705</u>	<u>38,457</u>

5 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	147,586	174,208
Operating lease expense - plant and machinery	<u>168,720</u>	<u>187,966</u>

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Other interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	4	-
Other finance income	-	1
	4	1
	4	1

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	4,022	4,760
Interest on obligations under finance leases and hire purchase contracts	1,215	2,901
Interest expense on other finance liabilities	1,965	-
	7,202	7,661
	7,202	7,661

8 Staff costs

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

	2020	2019
	£	£
Wages and salaries	1,840,568	1,915,620
Social security costs	203,909	223,716
Other short-term employee benefits	13,144	13,275
Pension costs, defined contribution scheme	30,656	22,204
Redundancy costs	8,585	3,048
	2,096,862	2,177,863
	2,096,862	2,177,863

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

	2020	2019
	No.	No.
Office	30	34
Warehouse	4	5
Site	3	4
	37	43
	37	43

9 Directors' remuneration

The directors' remuneration for the year was as follows:

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

	2020	2019
	£	£
Remuneration	193,626	216,585

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	170,000	176,004
Company contributions to money purchase pension schemes	1,307	-

10 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	2,625	2,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	11,000	10,000
	13,625	12,000

Other fees to auditors

All other non-audit services	34,457	10,500
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Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	371,924	601,070
Deferred taxation		
Arising from origination and reversal of timing differences	5,989	(5,112)
Tax expense in the income statement	<u>377,913</u>	<u>595,958</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,908,218</u>	<u>3,075,009</u>
Corporation tax at standard rate	362,561	584,252
Effect of expense not deductible in determining taxable profit (tax loss)	14,425	1,974
Tax increase from effect of capital allowances and depreciation	1,147	9,732
Other tax adjustments	<u>(220)</u>	-
Total tax charge	<u>377,913</u>	<u>595,958</u>

The UK corporation tax rate remained at 19% for the year, and this was substantively enacted as part of Finance Bill 2020 (on 17 March 2020). Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Deferred tax

Group

Deferred tax assets and liabilities

	Asset	Liability
2020	£	£
Accelerated capital allowances	2,181	61,873
	<hr/> <hr/>	<hr/> <hr/>
2019	£	£
Accelerated capital allowances	2,582	56,285
	<hr/> <hr/>	<hr/> <hr/>

Company

Deferred tax assets and liabilities

	Asset
2020	£
Accelerated capital allowances	2,181
	<hr/> <hr/>
2019	£
Accelerated capital allowances	2,582
	<hr/> <hr/>

The deferred tax liability relates to accelerated capital allowances that are expected to mature in the same period.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

12 Tangible assets

Group

	Freehold land and buildings £	Leasehold improvements £	Office equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation							
At 1 April							
2019	470,000	490,424	60,141	221,936	220,977	221,294	1,684,772
Additions	-	16,560	15,472	50,771	41,733	-	124,536
Disposals	-	(24,819)	-	(19,007)	-	(35,242)	(79,068)
At 31 March 2020	470,000	482,165	75,613	253,700	262,710	186,052	1,730,240
Depreciation							
At 1 April							
2019	-	126,329	37,622	88,632	136,904	145,832	535,319
Charge for the year	-	61,124	10,472	24,210	33,286	18,494	147,586
Eliminated on disposal	-	(24,819)	-	(6,901)	-	(21,489)	(53,209)
At 31 March 2020	-	162,634	48,094	105,941	170,190	142,837	629,696
Carrying amount							
At 31 March 2020	470,000	319,531	27,519	147,759	92,520	43,215	1,100,544
At 31 March 2019	470,000	364,095	22,519	133,304	84,073	75,462	1,149,453

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

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020	2019
	£	£
Motor vehicles	-	17,842

Company

	Land and buildings £	Total £
Cost or valuation		
At 1 April 2019	470,000	470,000
At 31 March 2020	470,000	470,000
Depreciation		
Carrying amount		
At 31 March 2020	470,000	470,000
At 31 March 2019	470,000	470,000

Included within the net book value of land and buildings above is £470,000 (2019 - £470,000) in respect of freehold land and buildings.

13 Investments

Company

	2020	2019
	£	£
Investments in subsidiaries	1,100	1,100

Subsidiaries

Cost or valuation		
At 1 April 2019		1,100

Provision

Carrying amount		
At 31 March 2020		1,100
At 31 March 2019		1,100

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Capital Fabrication Limited	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY England	Ordinary	100%	100%
Paton Developments Limited	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY England	Ordinary	100%	100%

All of the above subsidiaries are included in the consolidation. All investments in subsidiaries are direct ownership. The principal activity of Capital Fabrication Limited is that of steel work manufacture, and Paton Developments Limited is building refurbishment and development.

14 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Work in progress	233,364	368,350	-	-
Finished goods and goods for resale	136,229	272,559	-	-
	<u>369,593</u>	<u>640,909</u>	<u>-</u>	<u>-</u>

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

15 Debtors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Trade debtors		1,666,921	2,223,242	-	-
Amounts owed by related parties	<u>26</u>	2,078,235	720,291	-	367,146
Other debtors		104,103	82,670	-	-
Prepayments		120,336	146,249	-	-
Gross amount due from customers for contract work		1,026,379	1,446,459	-	-
Deferred tax assets	<u>11</u>	2,181	2,582	2,181	2,582
Corporation tax recoverable	<u>11</u>	18,050	-	-	-
		<u>5,016,205</u>	<u>4,621,493</u>	<u>2,181</u>	<u>369,728</u>

Included in other debtors is an amount of £Nil (2019: £64,005) which is recoverable in more than one year.

Group trade debtors are stated after provisions for impairment of £Nil (2019: £Nil).

16 Cash and cash equivalents

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Cash on hand	263	249	-	-
Cash at bank	1,258,199	2,685,232	975	1,578,516
	<u>1,258,462</u>	<u>2,685,481</u>	<u>975</u>	<u>1,578,516</u>

17 Creditors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Due within one year					
Bank borrowings	<u>22</u>	12,855	12,148	12,855	12,148
HP and finance lease liabilities	<u>22</u>	-	21,916	-	-
Trade creditors		923,528	2,398,467	-	-
Amounts due to related parties	<u>26</u>	-	331,714	207,100	2,251,991
Social security and other taxes		400,303	590,338	-	-
Outstanding defined contribution pension costs		4,528	7,121	-	-
Other payables		30,883	30,015	-	-
Accruals		1,085,746	436,540	7,200	6,600
Corporation tax payable	<u>11</u>	339,176	400,295	5,557	5,392
		<u>2,797,019</u>	<u>4,228,554</u>	<u>232,712</u>	<u>2,276,131</u>

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

	Note	Group		Company	
		2020	2019	2020	2019
		£	£	£	£
Due after one year					
Bank borrowings	22	74,325	87,886	74,325	87,886

18 Provisions for liabilities

Group

	Deferred tax	Other provisions	Total
	£	£	£
At 1 April 2019	56,285	16,075	72,360
Increase (decrease) in existing provisions	5,588	(16,075)	(10,487)
At 31 March 2020	61,873	-	61,873

The other provision at the start of the period is for dilapidations for one of the office premises. The lease terminated during the year and the provision was utilised in full.

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £30,656 (2019 - £22,204).

Contributions totalling £4,528 (2019 - £7,121) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Reserves

Group

Revaluation reserve

This reserve records revaluation gains on the property, plant and equipment. The current balance represents the revaluation gain from historic cost to deemed cost now used for the freehold property.

Profit and loss account

This reserve records retained earnings and accumulated losses.

22 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	74,325	87,886	74,325	87,886

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	12,855	12,148	12,855	12,148
Finance lease liabilities	-	21,916	-	-
	12,855	34,064	12,855	12,148

The bank loan is secured by way of a first legal charge over the group's freehold property.

23 Obligations under leases and hire purchase contracts

Group

Finance leases

Finance lease payments represents rentals payable by the company for certain items of motor vehicles. No restrictions are placed on the use of the assets and no arrangements have been entered into for contingent rental payments. There were no finance lease commitments as at 31 March 2020.

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	-	21,547

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	125,578	122,067
Later than one year and not later than five years	88,045	62,227
	213,623	184,294

The amount of non-cancellable operating lease payments recognised as an expense during the year was £155,130 (2019 - £131,701).

Company

Finance leases

The company had no finance lease obligations at the current or prior reporting end date.

Operating leases

The company had no operating lease commitments at the current or prior reporting end date.

24 Dividends

Interim dividends paid

	2020 £	2019 £
Interim dividend of £14,273 (2019 - £17,296) per each Ordinary	1,427,254	1,729,626
	1,427,254	1,729,626

25 Analysis of changes in net debt

Group

	At 1 April 2019 £	Financing cash flows £	At 31 March 2020 £
Cash and cash equivalents			
Cash	2,685,481	(1,427,019)	1,258,462
Borrowings			
Long term borrowings	(87,886)	13,561	(74,325)
Short term borrowings	(12,148)	(707)	(12,855)
Lease liabilities	(21,916)	21,916	-
	(121,950)	34,770	(87,180)
	2,563,531	(1,392,249)	1,171,282

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

26 Related party transactions

Group

During the year interest free loans were granted to the directors of the group. The total amount due from the directors at the year end was £1,674,855 (2019: £585,466), and this is included within Amounts owed by related parties.

The closing balance on the loans within debtors was the maximum amount overdrawn during the year. The amounts are interest free and are repayable on demand.

Amounts owed by related parties at the year end also includes £403,380 (2019: £14,063) representing amounts owed by connected companies. The companies are connected by virtue of having common directors.

Amounts due to related parties at the year end totalled £Nil (2019: £331,714).

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the group. Only the directors of the company are considered to be key management personnel of the group. Total aggregate remuneration, including employer's NI, in respect of these individuals is £215,757 (2019: £228,376).

Summary of transactions with other related parties

Connected companies

Purchases from connected companies are for the supply of goods or services. Income from connected companies is in relation to supply of services, management charges and rental income.

Income and receivables from related parties

	Other related parties
	£
2020	
Receipt of services	962,297
	<hr/> <hr/>
	Other related parties
	£
2019	
Receipt of services	1,036,418
	<hr/> <hr/>

Expenditure with and payables to related parties

	Other related parties
	£
2020	
Purchase of goods	221,268
	<hr/> <hr/>
	Other related parties
	£
2019	
Purchase of goods	992,175
	<hr/> <hr/>

Paton Capital Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

Company

The company has taken advantage of the exemption available under the provisions of FRS 102 and has not disclosed transactions with wholly owned group companies.

The balance owed to related parties as at 31 March 2020 is owed to group companies.

No amounts were owed between the company and the directors at the end of the reporting period. At the prior year end £367,146 was owed to the company by a director, and £119,204 was owed to a director.

Transactions with directors

The table below shows the movements on each director's loan accounts.

	At 1 April 2019 £	Advances to directors £	Repayments by director £	At 31 March 2020 £
2020 Director	367,146	1,240,600	(1,607,746)	-
Director	(119,204)	601,964	(482,760)	-
2019 Director	-	2,222,281	(1,855,135)	367,146
Director	-	361,135	(480,339)	(119,204)

Dividends paid to individual directors during the year were as follows:

	2020 £	2019 £
Director	1,141,796	1,383,709
Director	285,458	345,927

Summary of transactions with other related parties

Connected companies

The company only had no transactions with connected parties during the year to 31 March 2020 (2019: £nil).

27 Parent and ultimate parent undertaking

The ultimate controlling party is N H Paton, by virtue of his majority shareholding in the group.

Camberley

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