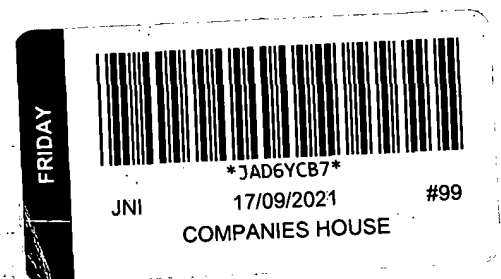


SJC Hutchinson (Engineering) Ltd

Directors' Report and Financial Statements

For the Year Ended 31 December 2020



SJC Hutchinson (Engineering) Ltd

Company Information

Directors	Mr M Hutchinson Mr SJC Hutchinson (deceased 7 May 2021) Mrs MME Hutchinson Mr R Hutchinson Mr J McCullagh Mr JG Scullion (appointed 1 January 2021)
Registered number	NI015853
Registered office	58A Drumagarner Road Kilrea Coleraine County Londonderry BT51 5TE
Independent auditors	ASM (B) Ltd Glendinning House 6 Murray Street Belfast Co. Antrim BT1 6DN
Bankers	Danske Bank Main Street Kilrea County Londonderry BT51 5QS
Solicitors	Macauley Wray 35 New Row Coleraine County Londonderry BT52 1AH

SJC Hutchinson (Engineering) Ltd

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SJC Hutchinson (Engineering) Ltd

Strategic Report For the Year Ended 31 December 2020

Introduction

The directors present the Strategic Report for the year ended 31 December 2020. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

The principal activities of the company continued to be that of sub-contract fabrication services.

The directors consider that the year has been a challenging one affected both by raw material price increases and the need to invest heavily to maintain competitiveness. This additional investment, in capital expenditure and research and development together with additional management and staff resource has allowed the company to fulfil customers' exacting requirements.

The company continues to implement projects to increase efficiency and this has helped maintain consistent results for 2020. In addition, further work in quality management and skills development has widened the level and type of work that can be undertaken by the company.

The outcome for the year and the year end financial position are seen as encouraging and provide a good base on which to develop the company further over the coming years.

The global Covid-19 outbreak during the year has had a significant impact on the company, creating new difficulties within operations while also increasing uncertainty in demand across all sectors.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to be the Covid-19 outbreak, Brexit, competition in the marketplace, employee retention and product quality.

Over the last few years the company growth has led to expansion into a wide range of market sectors and the company is coping well with each of the different challenges that these sectors present.

The key risks facing the company are in particular due to reduced availability of funding, global market trends and falling consumer spending. In relation to the UK in particular, the potential impacts of Brexit have been difficult to assess however the company has carried out a number of actions aimed at mitigating risk in this area.

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are largely conducted in sterling. The company is exposed to some foreign exchange risk in the normal course of business, principally on sales in euros. The company does not enter into any formally designated hedging arrangements.

Due to the company's reputation, standing and position in the sector, the directors are of the opinion that the risks and uncertainties facing the company can be adequately managed.

Financial key performance indicators

The directors consider turnover, gross profit margin, profit before tax and cash flow to be the main measures of financial performance.

Turnover decreased from £11,359,643 in 2019 to £9,624,706, gross profit margin decreased from 32.3% to 29.8%, profit before tax decreased from £1,003,057 to £916,822.

SJC Hutchinson (Engineering) Ltd

**Strategic Report (continued)
For the Year Ended 31 December 2020**

This report was approved by the board on 2 June 2021 and signed on its behalf.

Mark Hutchinson

.....
Mr M Hutchinson
Director

SJC Hutchinson (Engineering) Ltd

Directors' Report For the Year Ended 31 December 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £984,088 (2019 - £1,084,057).

Ordinary dividends were paid amounting to £1,000,000 (2019: £1,100,000).

Directors

The directors who served during the year were:

Mr M Hutchinson
Mr SJC Hutchinson (resigned 7 May 2021)
Mrs MME Hutchinson
Mr R Hutchinson
Mr J McCullagh

Future developments

The company will continue to invest in research and development. The Directors consider that the results for the year were satisfactory. The Directors consider that it is likely that the Covid-19 pandemic will have an adverse impact on the business and will continue to monitor the situation on an ongoing basis.

Research and development activities

The company is strongly committed to research and development activities in order to secure and enhance its position in the market.

SJC Hutchinson (Engineering) Ltd

**Directors' Report (continued)
For the Year Ended 31 December 2020**

Matters covered in the strategic report

The Strategic Report includes details of the principal risks and uncertainties facing the business and forms part of this report by way of cross reference.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


Post balance sheet events

There have been no significant post balance sheet events other than the continuation of the Covid-19 pandemic.

Auditors

The auditors, ASM (B) Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2 June 2021 and signed on its behalf.


.....
Mr M Hutchinson
Director

SJC Hutchinson (Engineering) Ltd

Independent Auditors' Report to the Members of SJC Hutchinson (Engineering) Ltd

Opinion

We have audited the financial statements of SJC Hutchinson (Engineering) Ltd (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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.

Independent Auditors' Report to the Members of SJC Hutchinson (Engineering) Ltd (continued)

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report to the Members of SJC Hutchinson (Engineering) Ltd (continued)

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

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

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals along with complex transactions. We discussed these risks with client management, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

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 Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Michael Nixon (Senior Statutory Auditor)
for and on behalf of
ASM (B) Ltd
Chartered Accountants and Statutory Auditor
Glendinning House
6 Murray Street
Belfast
Co. Antrim
BT1 6DN

2 June 2021

SJC Hutchinson (Engineering) Ltd

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	9,624,706	11,359,643
Cost of sales		(6,751,778)	(7,688,354)
Gross profit		2,872,928	3,671,289
Administrative expenses		(2,426,225)	(2,591,721)
Other operating income	5	505,434	13,791
Operating profit	6	952,137	1,093,359
Interest payable and expenses	9	(35,315)	(90,302)
Profit before tax		916,822	1,003,057
Tax on profit	10	67,266	81,000
Profit for the financial year		984,088	1,084,057

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 11 to 23 form part of these financial statements.

SJC Hutchinson (Engineering) Ltd
Registered number: NI015853

Balance Sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	585,324	1,151,673
		<u>585,324</u>	<u>1,151,673</u>
Current assets			
Stocks	13	524,270	225,649
Debtors: amounts falling due within one year	14	2,766,064	3,108,329
Cash at bank and in hand	15	1,136,862	489,512
		<u>4,427,196</u>	<u>3,823,490</u>
Creditors: amounts falling due within one year	16	(2,063,901)	(1,746,518)
Net current assets		<u>2,363,295</u>	<u>2,076,972</u>
Total assets less current liabilities		<u>2,948,619</u>	<u>3,228,645</u>
Creditors: amounts falling due after more than one year	17	(11,467)	(178,647)
Provisions for liabilities			
Deferred tax	20	(59,939)	(156,873)
Net assets		<u>2,877,213</u>	<u>2,893,125</u>
Capital and reserves			
Called up share capital	21	5,000	5,000
Profit and loss account	22	2,872,213	2,888,125
		<u>2,877,213</u>	<u>2,893,125</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 June 2021.

Mark Hutchinson

Mr M Hutchinson
 Director

The notes on pages 11 to 23 form part of these financial statements.

SJC Hutchinson (Engineering) Ltd

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	5,000	2,904,068	2,909,068
Profit for the year	-	1,084,057	1,084,057
Dividends: Equity capital	-	(1,100,000)	(1,100,000)
At 1 January 2020	5,000	2,888,125	2,893,125
Profit for the year	-	984,088	984,088
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
At 31 December 2020	5,000	2,872,213	2,877,213

The notes on pages 11 to 23 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

1. General information

SJC Hutchinson (Engineering) Ltd is a private company limited by shares incorporated in Northern Ireland. The registration number and address of the registered office are given in the company information section of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors of SJC Hutchinson (Engineering) Ltd have reviewed the appropriateness of the going concern assumption and consider that the company has sufficient resources to continue as a trading entity for the foreseeable future.

The Directors have considered the likely impact of Covid-19 on the business and, while they expect that this will continue to have an adverse effect, believe that the Company will be able to manage the impact through prudent management of its cash resources, availing of the various support mechanisms announced by the UK Government and taking appropriate strategic measures.

Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	20%	straight line
Plant and machinery	-		straight line between 3 to 10 years
Motor vehicles	-	33%	straight line
Fixtures, fittings & equipment	-	33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress includes labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.6 Financial instruments

The Company only enters into basic financial instrument 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, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.6 Financial instruments (continued)

for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.11 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Research and development

Research expenditure is written off to the Statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	7,509,796	10,041,849
Republic of Ireland	2,114,910	1,317,793
	<u>9,624,706</u>	<u>11,359,642</u>

5. Other operating income

	2020 £	2019 £
Coronavirus job retention scheme income	445,179	-
Grants received	60,003	11,467
Sundry income	252	2,324
	<u>505,434</u>	<u>13,791</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	(17,537)	2,281
Other operating lease rentals	13,500	17,200
	<u> </u>	<u> </u>

SJC Hutchinson (Engineering) Ltd

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	2,622,950	2,747,187
Social security costs	285,279	255,828
Pension costs	170,821	147,421
	<u>3,079,050</u>	<u>3,150,436</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	12	13
Management	14	14
Production	72	85
	<u>98</u>	<u>112</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	92,500	84,723
Company pension contributions to defined contribution schemes	8,807	7,078
	<u>101,307</u>	<u>91,801</u>

During the year retirement benefits were accruing to 1 director (2019: 1) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2020 £	2019 £
Finance leases and hire purchase contracts	35,315	90,302
	<u>35,315</u>	<u>90,302</u>

SJC Hutchinson (Engineering) Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	29,668	-
	<u>29,668</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(96,934)	(81,000)
Total deferred tax	<u>(96,934)</u>	<u>(81,000)</u>
Taxation on profit on ordinary activities	<u>(67,266)</u>	<u>(81,000)</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>916,822</u>	<u>1,003,057</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	174,196	190,581
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	817	2,930
Capital allowances for year in excess of depreciation	31,796	(9,797)
Non-taxable income	(3,622)	(6,155)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(169,581)	(120,302)
Losses surrendered by parent	(3,909)	-
Losses utilised	(29)	(57,257)
Deferred tax	(96,934)	(81,000)
Total tax charge for the year	<u>(67,266)</u>	<u>(81,000)</u>

SJC Hutchinson (Engineering) Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2020

11. Dividends

	2020 £	2019 £
Dividends paid	1,000,000	1,100,000
	<u>1,000,000</u>	<u>1,100,000</u>

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2020	7,020	4,496,071	42,950	107,517	-	4,653,558
Additions	-	141,715	-	21,690	148,000	311,405
Transfers intra group	-	(1,805,000)	-	-	-	(1,805,000)
Disposals	-	(24,334)	-	-	-	(24,334)
At 31 December 2020	<u>7,020</u>	<u>2,808,452</u>	<u>42,950</u>	<u>129,207</u>	<u>148,000</u>	<u>3,135,629</u>
Depreciation						
At 1 January 2020	818	3,377,834	42,950	80,283	-	3,501,885
Charge for the year on owned assets	1,404	285,434	-	20,377	-	307,215
Transfers intra group	-	(1,242,442)	-	-	-	(1,242,442)
Disposals	-	(16,353)	-	-	-	(16,353)
At 31 December 2020	<u>2,222</u>	<u>2,404,473</u>	<u>42,950</u>	<u>100,660</u>	<u>-</u>	<u>2,550,305</u>
Net book value						
At 31 December 2020	<u>4,798</u>	<u>403,979</u>	<u>-</u>	<u>28,547</u>	<u>148,000</u>	<u>585,324</u>
At 31 December 2019	<u>6,202</u>	<u>1,118,237</u>	<u>-</u>	<u>27,234</u>	<u>-</u>	<u>1,151,673</u>

SJC Hutchinson (Engineering) Ltd

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	-	703,198
	<u>-</u>	<u>703,198</u>

13. Stocks

	2020 £	2019 £
Raw materials	328,811	56,267
Work in progress	195,459	169,382
	<u>524,270</u>	<u>225,649</u>

14. Debtors

	2020 £	2019 £
Trade debtors	2,034,057	2,081,023
Amounts owed by group undertakings	705,963	981,461
Other debtors	486	20,091
Prepayments and accrued income	25,558	25,754
	<u>2,766,064</u>	<u>3,108,329</u>

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,136,862	489,512
Less: bank overdrafts	(124)	(8,323)
	<u>1,136,738</u>	<u>481,189</u>

SJC Hutchinson (Engineering) Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2020

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	124	8,323
Trade creditors	1,399,241	1,023,469
Corporation tax	33,939	4,271
Other taxation and social security	378,015	227,737
Obligations under finance lease and hire purchase contracts	-	285,057
Other creditors	44,163	33,771
Accruals and deferred income	208,419	163,890
	<u>2,063,901</u>	<u>1,746,518</u>

The bank overdraft is secured by a floating charge over the book debts of the Company. In addition, the bank holds an intercompany cross guarantee for the liabilities of Hutchinson Group Holdings (NI) Ltd.

17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	-	155,714
Government grants received	11,467	22,933
	<u>11,467</u>	<u>178,647</u>

18. Finance lease obligations

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	-	285,057
Between 1-5 years	-	155,714
	<u>-</u>	<u>440,771</u>

Finance lease payments represent rentals payable by the company 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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

SJC Hutchinson (Engineering) Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2020

19. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>1,136,862</u>	<u>489,512</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

20. Deferred taxation

	2020 £
At beginning of year	(156,873)
Released to profit or loss	96,934
At end of year	<u>(59,939)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(59,939)	(183,105)
Tax losses carried forward	-	26,232
	<u>(59,939)</u>	<u>(156,873)</u>

SJC Hutchinson (Engineering) Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,000 (2019 - 5,000) Ordinary shares of £1.00 each	<u>5,000</u>	<u>5,000</u>

22. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £170,821 (2019: £147,421).

24. Related party transactions

The ultimate controlling party is the Hutchinson family.

The Company is a wholly owned subsidiary of Hutchinson Group Holdings (NI) Limited, a company incorporated in Northern Ireland. Hutchinson Group Holdings (NI) Limited is the parent entity of the group of which the Company is a member and for which consolidated group financial statements are prepared. Copies of the group financial statements can be obtained from Companies House.

Advantage has been taken of the exemption under FRS 102 Section 33.1A not to disclose transactions between wholly owned members of the group.

Key management are considered to be the directors of the company.