

Company Registration No. 00804767 (England and Wales)

**AUTO MARINE CABLES LIMITED**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**



# AUTO MARINE CABLES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs D Hammond Mr P Hammond
<b>Company number</b>	00804767
<b>Registered office</b>	Unit 32, Devonshire Road Oakhill Trading Estate Worsley Manchester
<b>Auditor</b>	Barlow Andrews LLP Carlyle House 78 Chorley New Road Bolton
<b>Bankers</b>	Royal Bank of Scotland 104 Market Street Farnworth Bolton
<b>Solicitors</b>	Cyril Morris Arkwright Capitol House 51 Churchgate Bolton BL1 1LY

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# **AUTO MARINE CABLES LIMITED**

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# **AUTO MARINE CABLES LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

### **Fair review of the business**

The directors present the strategic report of the company for the year and look forward to the future in confidence.

On-going investment in the business software continues as a priority to eliminate waste and speed up processes.

### **Principal risks and uncertainties**

Health and safety is a key driver and is maintaining a robust system for risk assessments that have contributed to the reduction of risk in the business.

The company continues to take appropriate measures to ensure its carbon footprint is minimised with all waste eliminated, reduced or disposed of appropriately.

Credit risk from trade debtors is managed by operating strict credit control procedures, including detailed on-going credit reference checks on all UK and export customers, regular reviews of credit limits and payment terms.

The directors regularly review the risk and opportunities to the business to identify areas of interest and have investigated projects to eliminate or reduce the risk to an acceptable level or maximise the opportunity.

### **Development and performance**

Export sales was one of the drivers for the year with an increase of 11% as a result of continued exploration of overseas markets. The group suffered a current year decrease in UK turnover of £0.3m bringing the total revenue for the year to £14.4m, an overall decrease of 1.3%.

Gross profit margin for the year has stayed level at 29% despite fluctuations in the price of copper. In addition, the group profits before tax still remain healthy at £1.34m.

The group maintains a strong cash position, with year end cash of £4.4m, an increase from the previous year's balance of £1.0m. The directors aim to maintain a strong and liquid cash position for group working capital purposes, whilst at the same time endeavouring to achieve a low risk return where possible.

### **Key performance indicators**

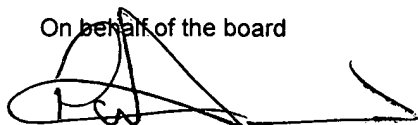
The directors see delivery performance to customers, debtor days and stock days as key measures and all three are on target.

Delivery performance 98.9%

Debtor days 62

Days of stock 37

On behalf of the board



Mr P Hammond

Director

16 March 2020

# **AUTO MARINE CABLES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

### **Principal activities**

The principal activity of the company continued to be that of manufacturers and national distributors of electrical cables to the motor, marine, caravan and allied industries.

### **Directors**

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

Mrs D Hammond  
Mr P Hammond

### **Results and dividends**

The results for the year are set out on page 6.

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

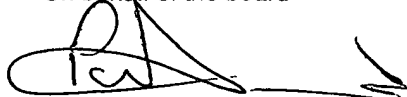
### **Auditor**

The auditor, Barlow Andrews LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr P Hammond  
Director

16 March 2020

# **AUTO MARINE CABLES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and 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 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.

# AUTO MARINE CABLES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AUTO MARINE CABLES LIMITED

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#### Opinion

We have audited the financial statements of financial statements of Auto Marine Cables Limited (the 'company') for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Statement of Changes in Equity, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **AUTO MARINE CABLES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AUTO MARINE CABLES LIMITED**

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#### **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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**David Kay (Senior Statutory Auditor)**  
**for and on behalf of Barlow Andrews LLP**

16 March 2020

**Chartered Accountants**  
**Statutory Auditor**

Carlyle House  
78 Chorley New Road  
Bolton  
BL1 4BY



# AUTO MARINE CABLES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	14,436,355	14,625,991
Cost of sales		(10,136,385)	(10,337,579)
<b>Gross profit</b>		<b>4,299,970</b>	<b>4,288,412</b>
Distribution costs		(587,514)	(548,996)
Administrative expenses		(2,088,465)	(1,891,780)
Other operating income		4,336	-
<b>Operating profit</b>	<b>4</b>	<b>1,628,327</b>	<b>1,847,636</b>
Interest receivable and similar income	7	19,661	29,500
(Losses)/gains on investments	8	(102,614)	90,280
<b>Profit before taxation</b>		<b>1,545,374</b>	<b>1,967,416</b>
Taxation	9	(183,715)	(174,592)
<b>Profit for the financial year</b>		<b>1,361,659</b>	<b>1,792,824</b>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income for the year. The total comprehensive income is the profit for the financial year shown above.

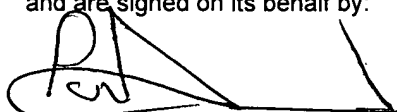
# AUTO MARINE CABLES LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	10	321,511		273,612	
Tangible assets	11	576,557		592,880	
Investments	12	4,404		2,173,542	
			902,472		3,040,034
<b>Current assets</b>					
Stocks	13	1,468,465		1,383,784	
Debtors	14	2,700,496		2,688,668	
Cash at bank and in hand		4,404,195		1,008,759	
		8,573,156		5,081,211	
<b>Creditors: amounts falling due within one year</b>	15	(1,440,057)		(1,383,866)	
<b>Net current assets</b>			7,133,099		3,697,345
<b>Total assets less current liabilities</b>			8,035,571		6,737,379
<b>Provisions for liabilities</b>	16		(89,248)		(152,715)
<b>Net assets</b>			7,946,323		6,584,664
<b>Capital and reserves</b>					
Called up share capital	19	110,765		110,765	
Capital redemption reserve	20	55,232		55,232	
Profit and loss reserves		7,780,326		6,418,667	
<b>Total equity</b>			7,946,323		6,584,664

The financial statements were approved by the board of directors and authorised for issue on 16 March 2020 and are signed on its behalf by:



Mr P Hammond  
Director

Company Registration No. 00804767

# AUTO MARINE CABLES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2017	110,765	55,232	4,625,843	4,791,840
Year ended 30 September 2018:				
Profit and total comprehensive income for the year	-	-	1,792,824	1,792,824
Balance at 30 September 2018	110,765	55,232	6,418,667	6,584,664
Year ended 30 September 2019:				
Profit and total comprehensive income for the year	-	-	1,361,659	1,361,659
Balance at 30 September 2019	110,765	55,232	7,780,326	7,946,323

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# **AUTO MARINE CABLES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Auto Marine Cables Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 32, Devonshire Road, Oakhill Trading Estate, Worsley, Manchester.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

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, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Auto Marine Cables Holdings Limited. These consolidated financial statements are available from its registered office, Unit 32 Devonshire Road, Oakhill Trading Estate, Worsley.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

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

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.

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

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

Intangible assets is comprised of computer software. Such assets are defined as having finite useful lives and the costs are amortised over 10 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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

Software	15% reducing balance
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#### 1.5 Tangible fixed assets

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

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

Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15-25% reducing balance
Motor vehicles	25% reducing balance

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 credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

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

### 1.10 Equity instruments

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

### 1.11 Taxation

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

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

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

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### **1.16 Research and development**

Research expenditure is written off to the profit and loss account 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.



# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

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

### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Sale of goods	14,436,355	14,625,991

	2019 £	2018 £
<b>Other significant revenue</b>		
Dividends received	19,661	28,556

	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
UK	13,193,660	13,490,616
Europe	1,178,704	1,059,268
Rest of the world	63,991	76,107
	14,436,355	14,625,991

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	55,341	22,007
Research and development costs	249,557	711,888
Fees payable to the company's auditor for the audit of the company's financial statements	15,890	15,500
Depreciation of owned tangible fixed assets	116,400	107,751
Loss/(profit) on disposal of tangible fixed assets	2,784	(5,694)
Amortisation of intangible assets	44,536	36,347
Cost of stocks recognised as an expense	8,737,414	9,147,254
Operating lease charges	75,335	64,761

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 5 Employees

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

	2019 Number	2018 Number
Production	55	51
Administration	18	24
	<u>73</u>	<u>75</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,462,698	2,176,211
Social security costs	229,904	193,985
Pension costs	62,696	41,517
	<u>2,755,298</u>	<u>2,411,713</u>

#### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	354,547	349,975
Company pension contributions to defined contribution schemes	9,000	9,000
	<u>363,547</u>	<u>358,975</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

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

	2019 £	2018 £
Remuneration for qualifying services	<u>345,250</u>	<u>340,625</u>

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 7 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	-	922
Other interest income	-	22
	<hr/>	<hr/>
Total interest revenue	-	944
 <b>Other income from investments</b>		
Dividends from financial assets measured at fair value through profit or loss	19,661	28,556
	<hr/>	<hr/>
Total income	<u>19,661</u>	<u>29,500</u>

### 8 (Losses)/gains on investments

	2019 £	2018 £
(Losses)/gains on investments	(102,614)	90,280
	<hr/>	<hr/>

### 9 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	247,182	171,323
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(63,467)	3,269
	<hr/>	<hr/>
Total tax charge	<u>183,715</u>	<u>174,592</u>

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

	2019 £	2018 £
Profit before taxation	1,545,374	1,967,416
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	293,621	373,809
Tax effect of expenses that are not deductible in determining taxable profit	(39,651)	(182,305)
Tax effect of income not taxable in determining taxable profit	(3,736)	(23,767)
Permanent capital allowances in excess of depreciation	(3,052)	3,586
Deferred tax adjustment	(63,467)	3,269
Taxation charge for the year	183,715	174,592

#### 10 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 October 2018	354,398
Additions - separately acquired	92,435
At 30 September 2019	446,833
<b>Amortisation and impairment</b>	
At 1 October 2018	80,786
Amortisation charged for the year	44,536
At 30 September 2019	125,322
<b>Carrying amount</b>	
At 30 September 2019	321,511
At 30 September 2018	273,612

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2018	1,378,787	702,721	178,698	2,260,206
Additions	34,350	17,339	56,672	108,361
Disposals	-	-	(37,423)	(37,423)
At 30 September 2019	1,413,137	720,060	197,947	2,331,144
<b>Depreciation and impairment</b>				
At 1 October 2018	1,007,889	600,791	58,646	1,667,326
Depreciation charged in the year	58,333	17,634	40,433	116,400
Eliminated in respect of disposals	-	-	(29,139)	(29,139)
At 30 September 2019	1,066,222	618,425	69,940	1,754,587
<b>Carrying amount</b>				
At 30 September 2019	346,915	101,635	128,007	576,557
At 30 September 2018	370,898	101,930	120,052	592,880

### 12 Fixed asset investments

	2019 £	2018 £
Listed investments	-	1,450,164
Unlisted investments	4,404	723,378
	4,404	2,173,542
<b>Listed investments included above:</b>		
Fair value of listed investments	-	1,450,164

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 12 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 October 2018	2,173,542
Realised losses	(102,614)
Disposals	(2,066,524)
At 30 September 2019	4,404
<b>Carrying amount</b>	
At 30 September 2019	4,404
At 30 September 2018	2,173,542

### 13 Stocks

	2019 £	2018 £
Raw materials and consumables	1,130,419	1,003,195
Finished goods and goods for resale	338,046	380,589
	<u>1,468,465</u>	<u>1,383,784</u>

### 14 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,458,832	2,496,260
Amounts owed by group undertakings	119,952	89,952
Other debtors	6,735	6,989
Prepayments and accrued income	114,977	95,467
	<u>2,700,496</u>	<u>2,688,668</u>

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	810,951	916,476
Corporation tax	247,182	171,323
Other taxation and social security	214,593	170,921
Other creditors	5,575	8,216
Accruals and deferred income	161,756	116,930
	<u>1,440,057</u>	<u>1,383,866</u>

### 16 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	17	<u>89,248</u>	<u>152,715</u>

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	91,703	148,498
Tax losses	(2,455)	-
Investments	-	4,217
	<u>89,248</u>	<u>152,715</u>

	2019 £
<b>Movements in the year:</b>	
Liability at 1 October 2018	152,715
Credit to profit or loss	(63,467)
Liability at 30 September 2019	<u>89,248</u>

# AUTO MARINE CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 18 Retirement benefit schemes

	2019	2018
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	62,696	41,517

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,695 A Ordinary shares of £1 each	100,695	100,695
10,070 B Ordinary shares of £1 each	10,070	10,070
	110,765	110,765

The holders of A ordinary shares and B ordinary shares are entitled to receive dividends and share in any capital distribution on winding up or dissolution of the company.

### 20 Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

### 21 Operating lease commitments

#### Lessee

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

	2019	2018
	£	£
Within one year	74,732	74,732
Between two and five years	224,196	261,562
	298,928	336,294

### 22 Ultimate controlling party

The company's parent is Auto Marine Cables Holdings Limited.

Auto Marine Cables Holdings Limited is under the ultimate control of Mr P Hammond and Mrs D Hammond.

The company is included in the consolidated accounts of Auto Marine Cables Holdings Limited.