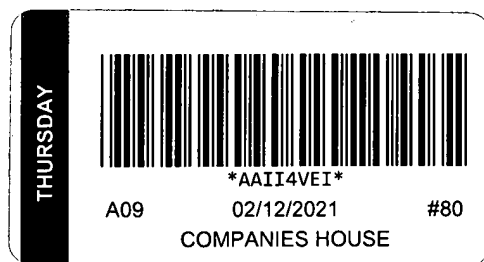


**A.B. PRECISION (POOLE) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**



**A.B. PRECISION (POOLE) LIMITED**

**COMPANY INFORMATION**

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**DIRECTOR**

J G Harris

**REGISTERED NUMBER**

00889363

**REGISTERED OFFICE**

Unit 15c Blackpole East  
Blackpole Road  
Worcester  
WR3 8YB

**INDEPENDENT AUDITORS**

Bishop Fleming LLP  
Chartered Accountants & Statutory Auditors  
1-3 College Yard  
Worcester  
WR1 2LB

**A.B. PRECISION (POOLE) LIMITED**

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## A.B. PRECISION (POOLE) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The director presents his Strategic Report together with the audited financial statements for the year ended 31 March 2021.

#### **Principal activities**

During the year the principal activities of the company continued to include the design and manufacture of Explosive Ordnance Disposal ("EOD") and defence support equipment ("Defence and Security Systems"). The company ceased its operations in the design and manufacture of automation equipment in the prior year.

#### **Review of business and future developments**

The main performance measures used by the company are sales, profits and cash generation.

Sales for the year from continuing operations were £4.6m, a small decrease on the previous year (2020: £4.8m). The loss for the year was £1.6m (2020: £0.8m).

The current financial year has seen a strong start despite the impact of COVID-19 with sales in the first 5 months of £2.0m generating a small profit before tax.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks associated with the company's financial assets and liabilities are set out below:

##### *Price risk*

There is no significant exposure to changes in the carrying value of financial instruments, assets and liabilities, except as a result of foreign currency exchange rate fluctuations, as described below.

##### *Credit risk*

The company makes appropriate credit checks on its customers and maintains strict credit limits to minimise its exposure to external credit risk.

##### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations. The company is party to a cross-guarantee securing certain banking facilities of other companies under common control.

##### *Foreign currency risk*

The company has exposure to a number of foreign currencies through its purchases and sales of products. Exposure is principally to US dollars and Euros. The company takes out forward foreign currency contracts to mitigate this risk, consistent with the group's policy of hedging against known and highly probable exposures for a 6-12 month forward period.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments of a speculative nature shall be undertaken.

## **COVID-19**

The impact of COVID-19 on the business has been significant and ongoing. The primary focus of the director and management was the safety and wellbeing of its employees and business partners in the UK and overseas. During the initial lockdown in March 2020 the company closed its UK factory to all but essential staff and maintained a minimum team on site to provide customer support and where appropriate finish off key jobs needed by the customers. This closure allowed the management to address working practices and develop a phased return to work in a COVID-19 safe way. This return to work plan commenced in May 2020 and was largely complete by the end of June. At the date of signing these accounts the company is now operating at full capacity. A key aspect of the plan has been skills retention and the decision taken early to maintain the workforce in full and on full pay during the shutdown despite the loss of revenue. The company has built its team up over many years and therefore took a long-term view that this short-term investment in its people was for the long-term benefit of the company.

As COVID-19 is a worldwide pandemic the impact of the virus was not restricted to the company but disruption was seen throughout the customer and supplier base. This disruption manifested itself primarily through delay. Delays were seen in the customer purchasing decisions, administration and logistics and similar effects in the supply chain. Despite this disruption the company has not seen any significant cancellations of future projects as a result of the virus a key factor in the delays have been the travel restrictions that have been and continue to be in place around the world. The company typically exports 70%+ of its products and the inability to travel to meet with customers, demonstrate products and conduct face-to-face contract negotiations has acted as a drag on securing new orders. Recent relaxations in travel restrictions are expected to have a positive impact upon trade. Despite this the market for the company's products remains strong and the level of quoting for new projects remains high resulting in a positive outlook for the future.

## **Funding and going concern**

In February 2020 the company, along with other related parties, provided security and a cross guarantee for a third-party finance facility to a related party. The facility of £5m was subsequently extended to £5.5m in August 2020 and was fully drawn down at the time of signing these accounts and therefore represents a contingent liability of the company at the date of signing these accounts.

At the balance sheet date the company had the following facilities:

1. A related party loan of £3.1m. This loan was used to repay an external third-party facility previously held by the company and to provide working capital and bridging finance through the COVID-19 disruption. The loan is interest bearing at commercial rates and has no fixed repayment schedule. The company plans to repay this facility over the next three to five years out of the profits generated from its trade. The related party has agreed that the payment of interest due on the loan will be deferred until at least 31 March 2022 providing a cash flow boost to the company.
2. £86k in specific bank guarantees to support the commercial activities of the company. These guarantees are fully secured by cash deposits held by the bank.

The director has prepared a detailed profit and cash flow forecast ("the forecast") for the company for the period to 30 September 2022 ("the period"). The forecast indicates no additional external funding requirement for the period beyond the facilities already in place. The related party company has confirmed that none of the amounts due to them and existing as at the date of approval of these financial statements will be due for repayment for at least the period to 30 September 2022 unless such payments can be reasonably afforded by the company or unless alternative funding arrangements to replace all or part of the related party funding are entered into by the company. The forecast shows that the facilities in place provide sufficient funding to the company to operate and meet its debts as they fall due for payment for the period to 30 September 2022.

On the bases noted above the director considers that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would be necessary if the company is not able to achieve its forecasts or is unable to continue as a going concern.

A.B. PRECISION (POOLE) LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021

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This report was approved by the board on 16 September 2021 and signed on its behalf.



JG Harris  
Director

## **A.B. PRECISION (POOLE) LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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The director presents his report and the financial statements for the year ended 31 March 2021.

#### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 loss for the year, after taxation, amounted to £1,573,032 (2020: loss of £805,585).

The company's principal activities, trading review, future developments and financial risk management objectives and policies that would normally be shown within the Director's Report have been included in the Strategic Report.

#### **DIRECTOR**

The director who served during the year was:

J G Harris

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The company is committed to a policy of investment in the future both by acquisition of new capital equipment and by expenditure on innovative research and product development and improvement.

#### **DISABLED EMPLOYEES**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**A.B. PRECISION (POOLE) LIMITED**

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he 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.

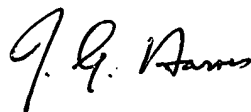
**POST BALANCE SHEET EVENTS**

Other than noted in the Strategic Report and the notes to the financial statements, there have been no significant events affecting the company since the year end.

**AUDITORS**

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J G Harris  
Director

Date: 16 September 2021

Unit 15c Blackpole East  
Blackpole Road  
Worcester  
WR3 8YB

## **A.B. PRECISION (POOLE) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED**

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#### **OPINION**

We have audited the financial statements of A.B. Precision (Poole) Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

#### **OTHER INFORMATION**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **A.B. PRECISION (POOLE) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED (CONTINUED)**

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#### **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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Director's 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 director's 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 Director's Responsibilities Statement set out on page 4, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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 have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of our enquiries of management and the board about their own identification and assessment of the risks of irregularities within the entity;
- We have considered any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:

## A.B. PRECISION (POOLE) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED (CONTINUED)

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- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries, and these were identified as the greatest potential area for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included occupational health and safety regulations, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

A.B. PRECISION (POOLE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED  
(CONTINUED)

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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.



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *30<sup>th</sup> September 2021.*

**A.B. PRECISION (POOLE) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Turnover	4	<b>4,601,047</b>	4,796,113
Cost of sales		<b>(4,266,777)</b>	(3,877,898)
<b>Gross profit</b>		<b>334,270</b>	918,215
Administrative expenses		<b>(2,015,564)</b>	(1,885,550)
Other operating income	5	<b>311,752</b>	28,143
<b>Operating loss</b>	6	<b>(1,369,542)</b>	(939,192)
Interest receivable and similar income	9	<b>2,107</b>	41,719
Interest payable and similar expenses	10	<b>(336,132)</b>	(453,669)
<b>Loss before tax</b>		<b>(1,703,567)</b>	(1,351,142)
Tax on loss	11	<b>130,535</b>	545,557
<b>Loss for the financial year</b>		<b>(1,573,032)</b>	(805,585)

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2021 (2020: £Nil).

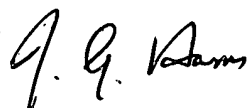
The notes on pages 13 to 27 form part of these financial statements.

**A.B. PRECISION (POOLE) LIMITED**  
**REGISTERED NUMBER:00889363**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	12		<b>60,394</b>		87,776
			<u>60,394</u>		<u>87,776</u>
<b>Current assets</b>					
Stocks	13	<b>1,678,119</b>		2,437,429	
Debtors: amounts falling due within one year	14	<b>1,067,724</b>		2,185,924	
Cash at bank and in hand	15	<b>123,768</b>		486,045	
		<u>2,869,611</u>		<u>5,109,398</u>	
Creditors: amounts falling due within one year	16	<b>(5,089,415)</b>		(5,882,329)	
<b>Net current liabilities</b>			<b>(2,219,804)</b>		(772,931)
<b>Total assets less current liabilities</b>			<b>(2,159,410)</b>		(685,155)
<b>Provisions for liabilities</b>					
Other provisions	17	<b>(225,994)</b>		(127,217)	
			<u>(225,994)</u>		<u>(127,217)</u>
<b>Net liabilities</b>			<b>(2,385,404)</b>		(812,372)
<b>Capital and reserves</b>					
Called up share capital	18		<b>13,755</b>		13,755
Profit and loss account	19		<b>(2,399,159)</b>		(826,127)
			<u>(2,385,404)</u>		<u>(812,372)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**J G Harris**  
 Director

Date: 16 September 2021

The notes on pages 13 to 27 form part of these financial statements.

**A.B. PRECISION (POOLE) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2019</b>	<b>13,755</b>	<b>(20,542)</b>	<b>(6,787)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(805,585)	(805,585)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(805,585)</b>	<b>(805,585)</b>
<b>At 1 April 2020</b>	<b>13,755</b>	<b>(826,127)</b>	<b>(812,372)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,573,032)	(1,573,032)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,573,032)</b>	<b>(1,573,032)</b>
<b>At 31 March 2021</b>	<b>13,755</b>	<b>(2,399,159)</b>	<b>(2,385,404)</b>

The notes on pages 13 to 27 form part of these financial statements.

## A.B. PRECISION (POOLE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1. GENERAL INFORMATION

A.B. Precision (Poole) Limited is a private limited liability company incorporated and domiciled in England and Wales. The registered office is Unit 15c Blackpole East, Blackpole Road, Worcester, England, WR3 8YB.

During the year the principal activities of the company continued to include the design and manufacture of Explosive Ordnance Disposal ("EOD") and defence support equipment ("Defence and Security Systems"). The company ceased its operations in the design and manufacture of automation equipment in the prior year.

#### 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 financial statements are prepared in Sterling, which is the presentation and functional currency of the company, and are rounded to the nearest £1.

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

The following principal accounting policies have been applied:

##### 2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AB Precision Holdings Limited as at 31 March 2021 and these financial statements may be obtained from c/o Shakespeare Martineau LLP, 1 Colemore Square, Birmingham, B4 6AA.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

In February 2020 the company, along with other related parties, provided security and a cross guarantee for a third-party finance facility to a related party. The facility of £5m was subsequently extended to £5.5m in August 2020 and was fully drawn down at the time of signing these accounts and therefore represents a contingent liability of the company at the date of signing these accounts.

At the balance sheet date the company had the following facilities:

1. A related party loan of £3.1m. This loan was used to repay an external third-party facility previously held by the company and to provide working capital and bridging finance through the COVID-19 disruption. The loan is interest bearing at commercial rates and has no fixed repayment schedule. The company plans to repay this facility over the next three to five years out of the profits generated from its trade. The related party has agreed that the payment of interest due on the loan will be deferred until at least 31 March 2022 providing a cash flow boost to the company.
2. £86k in specific bank guarantees to support the commercial activities of the company. These guarantees are fully secured by cash deposits held by the bank.

The director has prepared a detailed profit and cash flow forecast ("the forecast") for the company for the period to 30 September 2022 ("the period"). The forecast indicates no additional external funding requirement for the period beyond the facilities already in place. The related party company has confirmed that none of the amounts due to them and existing as at the date of approval of these financial statements will be due for repayment for at least the period to 30 September 2022 unless such payments can be reasonably afforded by the company or unless alternative funding arrangements to replace all or part of the related party funding are entered into by the company. The forecast shows that the facilities in place provide sufficient funding to the company to operate and meet its debts as they fall due for payment for the period to 30 September 2022.

On the bases noted above the director considers that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would be necessary if the company is not able to achieve its forecasts or is unable to continue as a going concern.

2.4 FOREIGN CURRENCY TRANSLATION

**Transactions and balances**

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2. ACCOUNTING POLICIES (continued)**

**2.5 REVENUE**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, usually on despatch of the goods. Revenue from the provision of other services is recognised when the services have been provided.

Revenues and profits on long-term contracts are computed on the percentage of completion method, based on accumulated costs to date of each project, primarily by reference to labour hours and material costs.

Profits are determined once the outcome of the contract can be assessed with reasonable certainty, after making reserves against all anticipated costs, including all possible warranty claims. The excess of payments received and receivable, over amounts recorded as turnover, is recorded as payments received on account and included within creditors due within one year. Where contracts allow for milestone claims, revenue is recognised upon completion of works or services provided in accordance with the contract.

**2.6 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.

**2.7 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 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.

**2.9 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

**2.10 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2. ACCOUNTING POLICIES (continued)**

**2.11 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 Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

**2.12 TAXATION**

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 reporting date in the countries where the company operates and generates income.

**2.13 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Leasehold property	- over the life of the lease
Plant and machinery	- 4 to 10 years

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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2. ACCOUNTING POLICIES (continued)

2.14 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 and finished goods include labour and attributable overheads.

At each reporting 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.

2.15 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 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 and loans to related parties.

**Financial assets**

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Other debt instruments, 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

2. ACCOUNTING POLICIES (continued)

2.19 FINANCIAL INSTRUMENTS (CONTINUED)

effective interest method.

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 income statement. The impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

**Financial liabilities**

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Other financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including 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 income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and disclosures of contingent assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The following judgements/estimates have had the most significant effect on amounts recognised in the financial statements:

**Going concern**

When making the assessment upon the company's ability to continue as a going concern, the director considers various factors, including current trading and market conditions, current funding facilities, the expectations of future trading and the ability of the company to operate within available funding facilities, contingent liabilities, and any other relevant facts or circumstances. This assessment covers at least twelve months following the date of approval of the financial statements. Note 1 contains more information in respect of this.

**Stock valuation**

At each balance sheet date, stocks are reviewed for impairment. If stock is impaired the carrying value is reduced. The provision is based upon a percentage reduction linked to when the stock was last used, and whether any future contracts need the items of stock.

**Recoverability of trade debtors**

At each balance sheet date, debtors are reviewed for recoverability. If a concern exists as to the recoverability of any individual debtor, the carrying value is reduced. The provision is based upon an assessment of the amount which may not be recovered based on the evidence in hand at the time.

**Recoverability of amounts due from parent company and related party undertakings**

At each balance sheet date, the amounts due from parent company and related party undertakings are reviewed for recoverability. If a concern exists as to recoverability, the carrying value is reduced. The director (who is also the sole director of the parent company and related party undertakings) considers that they will be able to fully repay their debts to the company. Therefore at the date of approval of these financial statements, the director does not consider that any impairment is required against amounts due from parent company and related party undertakings.

**Warranty provision**

Provision is made for potential warranty claims in respect of completed projects which are within their warranty period. This is based upon previous experience of warranty claims.

## A.B. PRECISION (POOLE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 4. TURNOVER

The analysis of turnover by class of business required by paragraph 68 of Schedule 1 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has not been provided as, in the opinion of the director, such disclosure would be seriously prejudicial to the interests of the company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	1,005,196	1,722,498
Rest of Europe	245,765	506,588
Rest of the world	3,350,086	2,567,027
	<u>4,601,047</u>	<u>4,796,113</u>

#### 5. OTHER OPERATING INCOME

	2021 £	2020 £
Government grants receivable	311,752	28,143
	<u>311,752</u>	<u>28,143</u>

The company received grant income totalling £311,752 (2020: £28,143) in relation to the Coronavirus Job Retention Scheme (CJRS), where the company received Government assistance of 80% of the cost of furloughed staff. Income has been accounted for under the accruals model as revenue grants.

#### 6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2021 £	2020 £
Research & development charged as an expense	401,245	434,083
Depreciation of tangible fixed assets	30,091	59,751
Exchange differences	(3,527)	(6,247)
Defined contribution pension costs	74,266	91,097
Operating lease charges - land and buildings	209,504	153,714
Operating lease charges - other	34,219	47,192
	<u>746,802</u>	<u>892,887</u>

**A.B. PRECISION (POOLE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**7. AUDITORS' REMUNERATION**

	<b>2021</b>	2020
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	<b>12,800</b>	16,500

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

**8. EMPLOYEES**

Staff costs were as follows:

	<b>2021</b>	2020
	£	£
Wages and salaries	<b>2,065,099</b>	2,058,868
Social security costs	<b>205,036</b>	220,676
Cost of defined contribution scheme	<b>97,647</b>	91,097
	<b>2,367,782</b>	2,370,641

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

	<b>2021</b>	2020
	No.	No.
Manufacturing	<b>41</b>	45
Administration, selling, distribution and assembly	<b>8</b>	8
	<b>49</b>	53

**9. INTEREST RECEIVABLE**

	<b>2021</b>	2020
	£	£
Interest receivable from group companies	<b>2,000</b>	29,949
Other interest receivable	<b>107</b>	11,770
	<b>2,107</b>	41,719

**A.B. PRECISION (POOLE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021 £	2020 £
Bank interest payable	-	16
Interest payable to group companies	-	293
Interest payable to related party undertakings	335,783	182,881
Other interest payable	349	270,479
	<u>336,132</u>	<u>453,669</u>

**11. TAXATION**

	2021 £	2020 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(133,816)	(285,048)
Adjustments in respect of previous periods	3,281	(260,509)
	<u>(130,535)</u>	<u>(545,557)</u>
<b>TOTAL CURRENT TAX</b>	<u>(130,535)</u>	<u>(545,557)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(1,703,567)</u>	<u>(1,351,142)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(323,678)	(256,717)
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	2,775	3,264
Expenses not deductible for tax purposes	549	-
Adjustments to tax charge in respect of prior periods	3,281	(260,509)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(99,108)	(211,115)
Unrelieved tax losses carried forward not recognised in deferred tax	244,117	91,057
Research and development tax credits surrendered at lower rate of tax	41,529	88,463
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(130,535)</u>	<u>(545,557)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 11. TAXATION (CONTINUED)

## FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are no factors impacting future tax charges.

## 12. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Total £
<b>COST OR VALUATION</b>			
At 1 April 2020	401,509	492,943	894,452
Additions	-	2,709	2,709
Disposals	-	(100,601)	(100,601)
At 31 March 2021	<u>401,509</u>	<u>395,051</u>	<u>796,560</u>
<b>DEPRECIATION</b>			
At 1 April 2020	363,633	443,043	806,676
Charge for the year on owned assets	9,469	20,622	30,091
Disposals	-	(100,601)	(100,601)
At 31 March 2021	<u>373,102</u>	<u>363,064</u>	<u>736,166</u>
<b>NET BOOK VALUE</b>			
At 31 March 2021	<u>28,407</u>	<u>31,987</u>	<u>60,394</u>
At 31 March 2020	<u>37,876</u>	<u>49,900</u>	<u>87,776</u>

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Long leasehold	28,407	37,876
	<u>28,407</u>	<u>37,876</u>

**A.B. PRECISION (POOLE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021****13. STOCKS**

	2021 £	2020 £
Work in progress	970,165	2,072,090
Finished goods and goods for resale	707,954	365,339
	<u>1,678,119</u>	<u>2,437,429</u>

The carrying value of stocks are stated net of impairment losses totalling £345,537 (2020: £366,220). Impairment losses totalling £Nil (2020: profits of £367,501) were recognised in profit and loss.

**14. DEBTORS**

	2021 £	2020 £
Trade debtors	524,407	457,491
Amounts owed by group undertakings	-	697,591
Amounts owed by related party undertakings	144,000	-
Other debtors	220,264	884,256
Prepayments and accrued income	179,053	146,586
	<u>1,067,724</u>	<u>2,185,924</u>

The amounts owed by group and related party undertakings earn a commercial rate of 12% per annum.

**15. CASH AND CASH EQUIVALENTS**

	2021 £	2020 £
Cash at bank and in hand	123,768	486,045

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade creditors	855,207	873,867
Amounts owed to related party undertakings	2,823,243	3,088,772
Other taxation and social security	392,323	126,117
Accruals and deferred income	1,018,642	1,793,573
	<u>5,089,415</u>	<u>5,882,329</u>

The amounts owed to related party undertakings earn a commercial rate of 12% per annum.

## A.B. PRECISION (POOLE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 17. PROVISIONS

	Provision for warranties £
At 1 April 2020	127,217
Charged to profit or loss	98,777
<b>AT 31 MARCH 2021</b>	<b>225,994</b>

The warranty provision represents the best estimate of the potential exposure to the company on customer claims against work carried out. It is expected that any transfer of economic benefits will occur within one year.

#### 18. SHARE CAPITAL

	2021 £	2020 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
13,755 (2020: 13,755) Ordinary shares of £1.00 each	<b>13,755</b>	13,755

#### 19. RESERVES

##### Profit and loss account

Profit and loss account reserve relates to accumulated profits less distributions to shareholders.

#### 20. CONTINGENT LIABILITIES

As part of the normal process of trade, Barclays Bank PLC (the bankers at the year end) provides certain performance and advance payment guarantees required by some customers in relation to contracts entered into by the company. In turn, the company provides the bank with counter indemnities for the granting of such guarantees, which at the Balance Sheet date amounted to £86,448 (2020: £160,744).

In February 2020 the company, along with other related parties, provided security and a cross guarantee for a third-party finance facility to a related party. The facility of £5m was subsequently extended to £5.5m in August 2020 and was fully drawn down at the time of signing these accounts and therefore represents a contingent liability of the company at the date of signing these accounts.

The company had no previous cross guarantees in place. The providers of finance lease finance continues to have a charge over the assets related to that finance.

#### 21. CAPITAL COMMITMENTS

At 31 March 2021 the company had no capital commitments (2020: £Nil).

## A.B. PRECISION (POOLE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 22. PENSION COMMITMENTS

The company operates a defined contribution group personal pension scheme for the benefit of employees. The charge for the year was £74,266 (2020: £91,097). At the year end there was a pension creditor of £6,642 (2020: £7,447) included within creditors due within one year.

#### 23. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
<b>Land and buildings</b>		
Not later than 1 year	145,000	145,000
Later than 1 year and not later than 5 years	290,000	435,000
	<u>435,000</u>	<u>580,000</u>
	2021 £	2020 £
<b>Other operating leases</b>		
Not later than 1 year	23,519	27,696
Later than 1 year and not later than 5 years	13,204	41,146
	<u>36,723</u>	<u>68,842</u>

#### 24. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions, in the ordinary course of business, with other related parties.

During the year the company was charged £240,000 (2020: £360,000) in relation to management charges.

At 31 March 2021, the company was owed £144,000 (2020: £Nil) by Wintergreen Management Ltd, a related party company.

At 31 March 2021, the company owed £2,823,243 (2020: £3,088,772) to Wintergreen Investment Group Ltd (formerly HW Machinery Limited), a related party company. Interest totalling £335,783 (2020: £182,881) was charged during the year.

**A.B. PRECISION (POOLE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**25. CONTROLLING PARTY**

At the year end the company's parent company was AB Precision Holdings Limited, a company registered in England and Wales. Consolidated financial statements of AB Precision Holdings Limited may be obtained from AB Precision Holdings Limited, Unit 15c Blackpole East, Blackpole Road, Worcester, England, WR3 8YB.

On 1 April 2021 the entire share capital of the company was transferred to Argentar Ltd, a related party undertaking under common control. From this date onwards the immediate and ultimate parent company is Argentar Ltd.

The company is under the ultimate control of Mr J G Harris by virtue of his majority shareholding in the parent company.