

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019
FOR
NUDATION LIMITED**

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for the year ended 30 November 2019**

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NUDATION LIMITED
COMPANY INFORMATION
for the year ended 30 November 2019

DIRECTOR: T M Nunan

REGISTERED OFFICE: Sarginsons Industries Ltd
Torrington Avenue
Coventry
West Midlands
CV4 9AG

REGISTERED NUMBER: 08274704 (England and Wales)

AUDITORS: Luckmans Duckett Parker Limited
Chartered Accountants
Statutory Auditors
1110 Elliott Court
Herald Avenue
Coventry Business Park
Coventry
West Midlands
CV5 6UB

**GROUP STRATEGIC REPORT
for the year ended 30 November 2019**

The director presents his strategic report of the company and the group for the year ended 30 November 2019.

REVIEW OF BUSINESS

The primary trading subsidiary of the group is Sarginsons Industries Limited, whose principal activity in the year under review was that of aluminium diecasters.

The financial period of 2018/19 was extremely challenging due to turnover fluctuations experienced from customers, either due to economic or political pressures, or the internal combustion engine challenges experienced by the OEM's. This resulted in a strong start to the year but a considerable slow down for the last quarter resulting in an overall component sale reduction of 17.6% from Q1 to Q4 with component sale turnover reducing from £7.4M (2017/18) to £6.2M for 2018/19.

Tooling sales were increased from £1.0m (2017/18) to £1.8m 2018/19, which confirmed the new project introduction commencing in 2020. Additional sub-contract costs were experienced during Q4 as the Tier1 NPI programs moved through the supply chain prior to January sales into the OEM. It was not possible to implement effective cost saving activities during the reduced turnover experienced in Q4 as the skills and services were required to ensure the new programs being delivered to Job 1 timing. Although the financial performance for the year was disappointing, we continued to gain market sector appreciation from OEM's and further recognitions within the local and national business communities.

Sarginsons were also recognized in a Sunday Times newspaper article, being described as an "outlier" because of our commitment to do things differently, invest in new technology and to develop people in order to meet the demands of modern manufacturing.

In August 2019, we officially launched the Sarginsons Technology Centre. The Centre focuses on the transfer of our world leading liquid metal engineering knowledge at the very earliest stages of product conceptualization. Engaging us as partners at the beginning of the design process has proven to lead to optimal technical and commercial outcomes. Providing this service has assisted in Sarginsons commencing chassis concept discussions for both hybrid and BEV applications for many global OEM's and supply partners.

During this period, Sarginsons supported Brunel University with the opening of their new Advanced Metal Processing Centre (AMPC) which houses additional equipment to further expand BCAST's capability in the application of new technology to full scale industrial evaluation. AMPC is the final stages of completion and will contain advanced joining, measurement and characterisation technology. It is anticipated that Sarginsons Technology Centre will be closely linked to the BCAST research facilities and testing facilities within AMPC.

The development programs established for young people development, and further enhanced internal skills, remains critical to the strategic intent of Sarginsons. Our academic partnerships with the leading Universities and research centres continue to successfully underpin the innovation and technological advancement elements of the future business strategy. Three degree-apprentices joining the company from the WMG Academy and their BEng (Hons) Manufacturing Engineering Degree Apprenticeship will be delivered in partnership with Coventry University. The apprentices are spending most of their time working at Sarginsons but will spend two weeks each semester at HORIBA MIRA and Coventry University. These academic partnerships, therefore, provide young people with a pathway from senior school to University and onto post-graduate studies, aiming to fully enhance the academic levels within the UK liquid metal engineering sector.

We have achieved National Manufacturing Competitiveness Level funding of £268,000 towards a total project value of £536,000. The program will further develop our New Project Introduction, ERP and supply chain management processes to further position Sarginsons for future Tier1 programs and deliver the company's strategic objectives and new market opportunities.

GROUP STRATEGIC REPORT
for the year ended 30 November 2019

ACHIEVEMENTS OF KEY PERFORMANCE INDICATORS

	2019	2018
Gross profit margin	21.4%	28.3%
Return on Capital Employed	(11.9)%	18.4%
EBITDA / Sales	(3.7)%	7.3%

ON BEHALF OF THE BOARD:

T M Nunan - Director

17 December 2020

**REPORT OF THE DIRECTOR
for the year ended 30 November 2019**

The director presents his report with the financial statements of the company and the group for the year ended 30 November 2019.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2019.

DIRECTOR

T M Nunan held office during the whole of the period from 1 December 2018 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Luckmans Duckett Parker Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

T M Nunan - Director

17 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NUDATION LIMITED

Opinion

We have audited the financial statements of Nudation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 the audit:

- the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NUDATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 director

As explained more fully in the Statement of Director's Responsibilities set out on page four, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Ashwani Rishiraj (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
Chartered Accountants
Statutory Auditors
1110 Elliott Court
Herald Avenue
Coventry Business Park
Coventry
West Midlands
CV5 6UB

17 December 2020

CONSOLIDATED INCOME STATEMENT
for the year ended 30 November 2019

	Notes	2019 £	£	2018 £	£
TURNOVER	3		8,026,171		8,388,624
Cost of sales			<u>6,305,664</u>		<u>6,013,776</u>
GROSS PROFIT			<u>1,720,507</u>		<u>2,374,848</u>
Distribution costs		301,963		259,801	
Administrative expenses		<u>1,814,074</u>		<u>1,613,040</u>	
			<u>2,116,037</u>		<u>1,872,841</u>
			(395,530)		502,007
Other operating income			<u>14,681</u>		<u>52,991</u>
OPERATING (LOSS)/PROFIT	5		<u>(380,849)</u>		<u>554,998</u>
Interest receivable and similar income			<u>6,079</u>		<u>-</u>
			(374,770)		554,998
Interest payable and similar expenses	6		<u>74,443</u>		<u>95,000</u>
(LOSS)/PROFIT BEFORE TAXATION			<u>(449,213)</u>		<u>459,998</u>
Tax on (loss)/profit	7		<u>(613,324)</u>		<u>(315,543)</u>
PROFIT FOR THE FINANCIAL YEAR			<u><u>164,111</u></u>		<u><u>775,541</u></u>
Profit attributable to:					
Owners of the parent			<u><u>164,111</u></u>		<u><u>775,541</u></u>

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the year ended 30 November 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		164,111	775,541
OTHER COMPREHENSIVE INCOME			
Revaluation of freehold property		-	500,000
Income tax relating to other comprehensive income		-	(81,665)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	418,335
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>164,111</u>	<u>1,193,876</u>
Total comprehensive income attributable to: Owners of the parent		<u>164,111</u>	<u>1,193,876</u>

NUDATION LIMITED (REGISTERED NUMBER: 08274704)

CONSOLIDATED BALANCE SHEET
30 November 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		55		(122,733)
Tangible assets	10		2,044,275		1,893,258
Investments	11		-		-
			<u>2,044,330</u>		<u>1,770,525</u>
CURRENT ASSETS					
Stocks	12	1,020,714		930,111	
Debtors	13	3,006,007		3,144,261	
Cash at bank and in hand		<u>142,124</u>		<u>788,841</u>	
		4,168,845		4,863,213	
CREDITORS					
Amounts falling due within one year	14	<u>3,005,533</u>		<u>3,623,653</u>	
NET CURRENT ASSETS			<u>1,163,312</u>		<u>1,239,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,207,642		3,010,085
CREDITORS					
Amounts falling due after more than one year	15		(626,353)		(629,349)
PROVISIONS FOR LIABILITIES	19		<u>(254,278)</u>		<u>(217,836)</u>
NET ASSETS			<u>2,327,011</u>		<u>2,162,900</u>
CAPITAL AND RESERVES					
Called up share capital	20		251,601		251,601
Non-distributable reserve	21		418,335		418,335
Retained earnings	21		<u>1,657,075</u>		<u>1,492,964</u>
SHAREHOLDERS' FUNDS			<u>2,327,011</u>		<u>2,162,900</u>

The financial statements were approved by the director and authorised for issue on 17 December 2020 and were signed by:

T M Nunan - Director

COMPANY BALANCE SHEET
30 November 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		6		19,863
			<u>6</u>		<u>19,863</u>
CURRENT ASSETS					
Debtors	13	955,474		788,257	
Cash at bank and in hand		<u>1,412</u>		<u>87</u>	
		956,886		788,344	
CREDITORS					
Amounts falling due within one year	14	<u>29,812</u>		<u>15,401</u>	
NET CURRENT ASSETS			<u>927,074</u>		<u>772,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			927,080		792,806
CREDITORS					
Amounts falling due after more than one year	15		<u>126,753</u>		<u>-</u>
NET ASSETS			<u>800,327</u>		<u>792,806</u>
CAPITAL AND RESERVES					
Called up share capital	20		251,601		251,601
Retained earnings			<u>548,726</u>		<u>541,205</u>
SHAREHOLDERS' FUNDS			<u>800,327</u>		<u>792,806</u>
Company's profit/(loss) for the financial year			<u>7,521</u>		<u>(4,522)</u>

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

The financial statements were approved by the director and authorised for issue on 23 October 2020 and were signed by:

T M Nunan - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2019

	Called up share capital £	Retained earnings £	Non-distributable reserve £	Total equity £
Balance at 1 December 2017	251,601	717,423	-	969,024
Changes in equity				
Total comprehensive income	-	1,193,876	-	1,193,876
Fair value gains transferred	-	(418,335)	418,335	-
Balance at 30 November 2018	<u>251,601</u>	<u>1,492,964</u>	<u>418,335</u>	<u>2,162,900</u>
Changes in equity				
Total comprehensive income	-	164,111	-	164,111
Balance at 30 November 2019	<u>251,601</u>	<u>1,657,075</u>	<u>418,335</u>	<u>2,327,011</u>

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2017	251,601	545,727	797,328
Changes in equity			
Total comprehensive income	-	(4,522)	(4,522)
Balance at 30 November 2018	<u>251,601</u>	<u>541,205</u>	<u>792,806</u>
Changes in equity			
Total comprehensive income	-	7,521	7,521
Balance at 30 November 2019	<u>251,601</u>	<u>548,726</u>	<u>800,327</u>

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 November 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(310,672)	185,728
Interest paid		(50,640)	(67,325)
Interest element of hire purchase payments paid		(23,803)	(27,675)
Tax paid		372,250	292,161
Net cash from operating activities		<u>(12,865)</u>	<u>382,889</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(249,727)	(76,531)
Interest received		6,079	-
Net cash from investing activities		<u>(243,648)</u>	<u>(76,531)</u>
Cash flows from financing activities			
New loans in year		-	400,000
Loan repayments in year		(30,769)	-
Capital repayments in year		(53,043)	(21,985)
Amount introduced by directors		18,751	-
Amount withdrawn by directors		(361,663)	(327,604)
Government grants received		36,520	58,737
Net cash from financing activities		<u>(390,204)</u>	<u>109,148</u>
(Decrease)/increase in cash and cash equivalents		<u>(646,717)</u>	<u>415,506</u>
Cash and cash equivalents at beginning of year	2	788,841	373,335
Cash and cash equivalents at end of year	2	<u>142,124</u>	<u>788,841</u>

The notes form part of these financial statements

NUDATION LIMITED (REGISTERED NUMBER: 08274704)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 November 2019**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
(Loss)/profit before taxation	(449,213)	459,998
Depreciation charges	80,073	58,046
Government grants	(14,681)	(52,991)
Finance costs	74,443	95,000
Finance income	(6,079)	-
	<u>(315,457)</u>	<u>560,053</u>
Increase in stocks	(90,603)	(193,318)
Decrease/(increase) in trade and other debtors	734,494	(1,033,304)
(Decrease)/increase in trade and other creditors	<u>(639,106)</u>	<u>852,297</u>
Cash generated from operations	<u><u>(310,672)</u></u>	<u><u>185,728</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 November 2019

	30.11.19	1.12.18
	£	£
Cash and cash equivalents	<u>142,124</u>	<u>788,841</u>

Year ended 30 November 2018

	30.11.18	1.12.17
	£	£
Cash and cash equivalents	<u>788,841</u>	<u>373,335</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 November 2019

1. STATUTORY INFORMATION

Nudation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The director has prepared cashflow forecasts and projections, which demonstrate that the company will be able to operate within its financing facilities for the foreseeable future and it is therefore appropriate to use the going concern basis of accounting in preparing the annual financial statements.

The directors have considered the impact of the COVID-19 world pandemic and Brexit upon the company, and believe the company is well placed to manage its risks despite the uncertain economic outlook. In light of the current restrictions imposed by, and the financial support being offered by the UK government the directors are satisfied that the company will continue as a going concern for the foreseeable future and that the COVID-19 virus does not create a material uncertainty as to going concern.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of twenty years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Negative goodwill on consolidation are being amortised evenly over their estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on cost
Fixtures and fittings	- 33% on cost and 10% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 33% on cost

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

The company measures loan term loans at their net present value based on appropriate interest rate for borrowings between group companies. The difference between cash received and the net present value is shown as a capital contribution to reserves.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
United Kingdom	7,526,289	7,735,241
Europe	499,882	653,383
	<u>8,026,171</u>	<u>8,388,624</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	2,161,288	2,083,168
Social security costs	206,521	206,576
Other pension costs	55,907	41,776
	<u>2,423,716</u>	<u>2,331,520</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	1	1
Management	19	15
Production	58	56
Administration	5	5
	<u>83</u>	<u>77</u>

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2018 - NIL).

	2019 £	2018 £
Director's remuneration	22,456	21,410
Director's pension contributions to money purchase schemes	<u>323</u>	<u>200</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	<u>1</u>	<u>1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

5. OPERATING (LOSS)/PROFIT

The operating loss (2018 - operating profit) is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - owned assets	177,254	164,953
Depreciation - assets on hire purchase contracts	25,606	23,001
Goodwill amortisation	5	5
Negative goodwill on consolidation amortisation	(122,793)	(129,912)
Auditors' remuneration	25,380	19,724
Foreign exchange differences	12,595	11,012
Research and development expenditure	<u>2,527,552</u>	<u>2,143,365</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest	2	-
Bank loan interest	17,860	202
Interest on corporation tax	358	181
Factoring	30,600	43,216
Other interest	27	19,027
Other financing	1,793	4,699
Hire purchase	<u>23,803</u>	<u>27,675</u>
	<u>74,443</u>	<u>95,000</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	(587,670)	(309,714)
Adjustments in respect of prior periods	<u>(62,096)</u>	<u>(5,791)</u>
Total current tax	<u>(649,766)</u>	<u>(315,505)</u>
Deferred tax	<u>36,442</u>	<u>(38)</u>
Tax on (loss)/profit	<u>(613,324)</u>	<u>(315,543)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(449,213)</u>	<u>459,998</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(85,350)	87,400
Effects of:		
Expenses not deductible for tax purposes	(6,573)	7,196
Income not taxable for tax purposes	(1,227)	(722)
Adjustments to tax charge in respect of previous periods	(62,097)	(5,791)
Research & Development enhanced expenditure	(624,306)	(473,242)
Effect of surrender of losses for a tax credit	182,621	83,082
Capital grants received	6,939	4,924
Tax rate adjustments	-	6,293
Goodwill on consolidation	<u>(23,331)</u>	<u>(24,683)</u>
Total tax credit	<u>(613,324)</u>	<u>(315,543)</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 30 November 2019.

	Gross £	2018 Tax £	Net £
Revaluation of freehold property	<u>500,000</u>	<u>(81,665)</u>	<u>418,335</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Negative goodwill on consolidation £	Totals £
COST			
At 1 December 2018 and 30 November 2019	<u>100</u>	<u>(649,559)</u>	<u>(649,459)</u>
AMORTISATION			
At 1 December 2018	40	(526,766)	(526,726)
Amortisation for year	<u>5</u>	<u>(122,793)</u>	<u>(122,788)</u>
At 30 November 2019	<u>45</u>	<u>(649,559)</u>	<u>(649,514)</u>
NET BOOK VALUE			
At 30 November 2019	<u>55</u>	<u>-</u>	<u>55</u>
At 30 November 2018	<u>60</u>	<u>(122,793)</u>	<u>(122,733)</u>

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 December 2018	950,000	1,466,632	22,672
Additions	<u>-</u>	<u>350,466</u>	<u>-</u>
At 30 November 2019	<u>950,000</u>	<u>1,817,098</u>	<u>22,672</u>
DEPRECIATION			
At 1 December 2018	-	573,105	8,196
Charge for year	<u>-</u>	<u>186,378</u>	<u>2,005</u>
At 30 November 2019	<u>-</u>	<u>759,483</u>	<u>10,201</u>
NET BOOK VALUE			
At 30 November 2019	<u>950,000</u>	<u>1,057,615</u>	<u>12,471</u>
At 30 November 2018	<u>950,000</u>	<u>893,527</u>	<u>14,476</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

10. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 December 2018	9,784	60,940	2,510,028
Additions	-	3,411	353,877
At 30 November 2019	<u>9,784</u>	<u>64,351</u>	<u>2,863,905</u>
DEPRECIATION			
At 1 December 2018	9,784	25,685	616,770
Charge for year	-	14,477	202,860
At 30 November 2019	<u>9,784</u>	<u>40,162</u>	<u>819,630</u>
NET BOOK VALUE			
At 30 November 2019	<u>-</u>	<u>24,189</u>	<u>2,044,275</u>
At 30 November 2018	<u>-</u>	<u>35,255</u>	<u>1,893,258</u>

Cost or valuation at 30 November 2019 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £
Valuation in 2018	500,000	-	-
Cost	<u>450,000</u>	<u>1,817,098</u>	<u>22,672</u>
	<u>950,000</u>	<u>1,817,098</u>	<u>22,672</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2018	-	-	500,000
Cost	<u>9,784</u>	<u>64,351</u>	<u>2,363,905</u>
	<u>9,784</u>	<u>64,351</u>	<u>2,863,905</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

10. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST OR VALUATION	
At 1 December 2018	159,341
Additions	104,150
Reclassification/transfer	37,100
At 30 November 2019	<u>300,591</u>
DEPRECIATION	
At 1 December 2018	15,386
Charge for year	25,606
Reclassification/transfer	458
At 30 November 2019	<u>41,450</u>
NET BOOK VALUE	
At 30 November 2019	<u>259,141</u>
At 30 November 2018	<u>143,955</u>

In addition to the above assets identified as being held under hire purchase agreements, the company, during the year, also used other fixed assets as security to obtain additional finance of £27,865 (2018 - £105,000). As at 30 November 2019 £100,053 (2018 - £136,215) of this finance remained outstanding.

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 December 2018	19,863
Disposals	(19,857)
At 30 November 2019	<u>6</u>
NET BOOK VALUE	
At 30 November 2019	<u>6</u>
At 30 November 2018	<u>19,863</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

11. **FIXED ASSET INVESTMENTS - continued**

Sarginsons Industries Limited

Registered office: England & Wales

Nature of business: Aluminium Diecasters

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary Shares of £1 each			
Aggregate capital and reserves		968,492	954,141
Profit for the year		<u>34,208</u>	<u>658,289</u>

Nu-Cents Limited

Registered office: England & Wales

Nature of business: Property Investment Company

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary Shares of £1 each			
Aggregate capital and reserves		410,498	411,406
(Loss)/profit for the year		<u>(908)</u>	<u>415,107</u>

Nuterre Limited

Registered office: England & Wales

Nature of business: Property Investment Company

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary Shares of £100 each			
Aggregate capital and reserves		147,700	151,406
Loss for the year		<u>(3,706)</u>	<u>(707)</u>

12. **STOCKS**

	Group	
	2019 £	2018 £
Raw materials	83,844	105,717
Work-in-progress	479,476	313,342
Finished goods	<u>457,394</u>	<u>511,052</u>
	<u>1,020,714</u>	<u>930,111</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

13. **DEBTORS**

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,870,008	2,716,643	750	635
Amounts owed by group undertakings	-	-	656,858	653,858
Other debtors	124,683	10,000	-	-
Directors' current accounts	317,673	-	296,866	-
Tax	589,446	310,879	1,000	1,082
Prepayments and accrued income	104,197	106,739	-	-
	<u>3,006,007</u>	<u>3,144,261</u>	<u>955,474</u>	<u>655,575</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	132,682
Aggregate amounts	<u>3,006,007</u>	<u>3,144,261</u>	<u>955,474</u>	<u>788,257</u>

Included within trade debtors are balances totalling £1,869,257 (2018 - £2,716,007) that are subject to factoring arrangements.

The trade debtor balances have been transferred to the counterpart, though the transaction does not qualify for derecognition on the basis that the reward is retained by the company.

The associated liability recognised in other creditors is £1,192,909 (2018 - £1,916,794).

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

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans and overdrafts (see note 16)	41,026	30,000	-	-
Hire purchase contracts (see note 17)	108,038	92,773	-	-
Trade creditors	1,129,773	869,596	3,000	2,880
Tax	12,410	11,359	776	83
Social security and other taxes	55,998	61,628	-	-
VAT	163,074	311,091	-	-
Other creditors	1,242,086	1,992,590	20,000	-
Directors' current accounts	-	9,888	-	9,521
Accruals and deferred income	236,442	231,573	6,036	2,917
Deferred government grants	16,686	13,155	-	-
	<u>3,005,533</u>	<u>3,623,653</u>	<u>29,812</u>	<u>15,401</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 16)	328,206	370,000	-	-
Hire purchase contracts (see note 17)	194,337	158,495	-	-
Amounts owed to group undertakings	-	-	126,753	-
Directors' loan accounts	21,442	36,793	-	-
Deferred government grants	82,368	64,061	-	-
	<u>626,353</u>	<u>629,349</u>	<u>126,753</u>	<u>-</u>

Deferred government grants:

	2019	2018
	£	£
Brought forward deferred government grants relating to capital expenditure	77,216	71,469
Capital expenditure grants received during the year deferred	36,519	25,914
Released to Statement of Comprehensive Income during the year	<u>(14,681)</u>	<u>(20,167)</u>
Carried forward deferred government grants relating to capital expenditure	<u>99,054</u>	<u>77,216</u>

	2019	2018
	£	£
Capital expenditure grants released from deferred income during the year	14,681	20,167
Revenue grants received during the year	<u>-</u>	<u>32,824</u>
Total government grant income recognised in the Statement of Comprehensive Income	<u>14,681</u>	<u>52,991</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

16. **LOANS**

An analysis of the maturity of loans is given below:

		Group	
		2019	2018
		£	£
Amounts falling due within one year or on demand:			
Bank loans		<u>41,026</u>	<u>30,000</u>
Amounts falling due between one and two years:			
Bank loans - 1-2 years		<u>41,026</u>	<u>40,000</u>
Amounts falling due between two and five years:			
Bank loans - 2-5 years		<u>123,077</u>	<u>120,000</u>
Amounts falling due in more than five years:			
Repayable by instalments			
Bank loans - more than 5 years		<u>164,103</u>	<u>210,000</u>

The bank loan is repayable over 10 years.

Interest is charged at 3.85% above the banks base rate.

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

		Hire purchase contracts	
		2019	2018
		£	£
Net obligations repayable:			
Within one year		108,038	92,773
Between one and five years		<u>194,337</u>	<u>158,495</u>
		<u>302,375</u>	<u>251,268</u>

Group

		Non-cancellable	operating leases
		2019	2018
		£	£
Within one year		77,993	65,206
Between one and five years		146,019	177,833
In more than five years		<u>10,512</u>	<u>23,597</u>
		<u>234,524</u>	<u>266,636</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank loans	369,232	400,000
Hire purchase contracts	302,375	251,268
Other creditors	1,192,909	1,916,794
	<u>1,864,516</u>	<u>2,568,062</u>

Bank loans are secured by an all assets debenture.

Hire purchase contracts are secured by an all assets debenture.

Other creditors are secured by an all assets debenture.

19. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	172,613	136,171
Tax losses carried forward	(510)	(510)
Other timing differences	82,175	82,175
	<u>254,278</u>	<u>217,836</u>

Group

	Deferred tax
	£
Balance at 1 December 2018	217,836
Charge to Income Statement during year	36,442
Balance at 30 November 2019	<u>254,278</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
251,601	Ordinary	£1	<u>251,601</u>	<u>251,601</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 30 November 2019

21. **RESERVES**

Group

	Retained earnings £	Non-distributable reserve £	Totals £
At 1 December 2018	1,492,964	418,335	1,911,299
Profit for the year	164,111		164,111
At 30 November 2019	<u>1,657,075</u>	<u>418,335</u>	<u>2,075,410</u>

22. **PENSION COMMITMENTS**

Included in other creditors is £6,495 (2018 - £51,997) of outstanding pension contributions.

23. **DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 30 November 2019 and 30 November 2018:

	2019 £	2018 £
T M Nunan		
Balance outstanding at start of year	-	-
Amounts advanced	296,231	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>296,231</u>	<u>-</u>

Interest is charged on this loan at the HMRC official rate of interest.

24. **RELATED PARTY DISCLOSURES**

Key management personnel of the entity or its parent (in the aggregate)

	2019 £	2018 £
Amount due to related party	<u>-</u>	<u>46,681</u>

25. **ULTIMATE CONTROLLING PARTY**

The controlling party is T M Nunan.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.