

Romold Limited

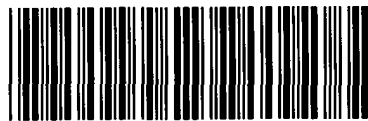
Financial Statements

Year ended

31 October 2019

Company Number SC230880

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Romold Limited
Registered number: SC230880

Balance sheet
As at 31 October 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	6	819,831	293,549
		<u>819,831</u>	<u>293,549</u>
Current assets			
Stocks	7	639,540	568,650
Debtors: amounts falling due within one year	8	1,941,045	1,602,813
Cash at bank and in hand	9	526,047	932,715
		<u>3,106,632</u>	<u>3,104,178</u>
Creditors: amounts falling due within one year	10	(1,285,633)	(758,526)
Net current assets		<u>1,820,999</u>	<u>2,345,652</u>
Total assets less current liabilities		<u>2,640,830</u>	<u>2,639,201</u>
Provisions for liabilities			
Deferred taxation	11	(106,856)	(36,145)
		<u>(106,856)</u>	<u>(36,145)</u>
Net assets		<u>2,533,974</u>	<u>2,603,056</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	2,533,874	2,602,956
		<u>2,533,974</u>	<u>2,603,056</u>

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

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

Romold Limited
Registered number: SC230880

Balance sheet (continued)
As at 31 October 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

31 July 2020


Robert McIvor
Director

The notes on pages 14 to 27 form part of these financial statements.

Romold Limited

Statement of Changes in Equity For the year ended 31 October 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2018	100	2,602,956	2,603,056
Comprehensive income for the year			
Profit for the year	-	180,918	180,918
Total comprehensive income for the year	-	180,918	180,918
Dividends: Equity capital	-	(250,000)	(250,000)
Total transactions with owners	-	(250,000)	(250,000)
At 31 October 2019	100	2,533,874	2,533,974

The notes on pages 5 to 16 form part of these financial statements.

Romold Limited

Statement of Changes in Equity For the year ended 31 October 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2017	100	2,489,491	2,489,591
Comprehensive income for the year			
Profit for the year	-	413,465	413,465
Total comprehensive income for the year	-	413,465	413,465
Dividends: Equity capital	-	(300,000)	(300,000)
Total transactions with owners	-	(300,000)	(300,000)
At 31 October 2018	100	2,602,956	2,603,056

The notes on pages 5 to 16 form part of these financial statements.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

1. General Information

Romold Limited is a private company, limited by shares, incorporated in Scotland. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the director's report.

The functional and presentational currency is GBP. These financial statements are rounded to the nearest £1.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Revenue

Turnover comprises revenue recognised in respect of the supply of materials, handling equipment and health and safety environmental products, exclusive of Value Added Tax and trade discounts, and is recognised when the goods are dispatched.

Sale of goods

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

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

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

2. Accounting policies (continued)

2.3 Going concern

Covid 19

The company has considered the implications of COVID-19 through the 'lenses' of operational capability, market-based demand and structural finance.

Operations across the company were significantly scaled back during April 2020 as we continue to promote the health of our employees and stakeholders. Operations have since been scaled up and June 2020's activity is now similar to June 2019. We have put in place appropriate sanitising and social distancing guidelines in all locations. The management team are monitoring the operational situation regularly and have contingency plans in place should an outbreak occur in a facility that would result in a short shut-down at worst. There has been no significant impact on the company's supply chain.

Market-based demand for the company's services has remained strong. After some significantly reduced activity in April & May 2020, the company has continued to work through the pandemic and ensured that its customers are supported. The company's revenue comes from a mix of sectors. The company has utilized the furlough scheme in the UK and has also taken a CBILS loan in the UK. The company has a strong financial position, with a significant cash balance at June 2020, and is not geared. The company has a cross guarantee in place and therefore its parent company has issued a letter of support to mitigate this.

The company has completed a range of forecasts including reverse stress testing to assess the impact on COVID-19 on the company's liquidity and ability to continue as a going concern. The reverse stress test shows the company can continue to operate for at least the next 12 months with significant sales reductions after taking mitigating actions. Management deem the assumptions of the reverse stress scenario as completely unrealistic however note that the ability of the company to remain liquid after mitigating actions demonstrates the company's strength. Management has considered a range of more realistic scenarios which again do not show an issue with liquidity. There is of course a credit risk associated with the company's debtor book but the directors have assessed that their customers are also in good financial health and the risk is diversified.

Based on the above, the directors are confident that the actions and strategies in place, results in the company being able to mitigate business threats as they arise. The directors consider that the COVID-19 unknowns do not at present represent material uncertainty to company's ability to continue as a going concern.

Going Concern

The directors have assessed, based on current projections, that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed in the above, the directors have also completed a thorough assessment of the impact of Covid-19, including scenario forecasting and reverse stress testing. The directors have assessed that the actions and strategies available to them to mitigate business threats under reverse stress testing and under other scenarios reviewed, the forecasts demonstrated that the company could operate within its available funding arrangements. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

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

2.7 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.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

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

2.9 Current and deferred taxation

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

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

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

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

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

2.10 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.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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 improvements	- 10% straight line
Plant & machinery	- 15% reducing balance

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

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

2.11 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

2.13 Cash

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.

2.14 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.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

2. Accounting policies (continued)

2.15 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

For financial assets measured at amortised cost, 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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.16 Dividends

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

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

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 liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The director is satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied in determining the depreciation rates which are deemed to be appropriate for the class of assets and the provision for bad debts based on the director's expectations of likely receipts after the period end.

In particular, in preparing these financial statements, the director has also made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The bad debt provision is considered via a review of the debtors listing, with debts provided for on a specific and individual basis. Factors considered include customer payment history and aging of trade debtors.
- Stock is carried at the lower of cost and net realisable value. The directors consider whether there are any indicators of impairment of the company's stock and an appropriate provision is made.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 16)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

4. Employees

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

	2019 £	2018 £
Wages & salaries	1,317,524	974,175
Social security costs	94,336	86,994
Cost of defined contribution benefit scheme	53,167	50,247
	<u>1,465,027</u>	<u>1,111,416</u>

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

	2019 £	2018 £
Directors	3	3
Plant staff	40	41
	<u>43</u>	<u>44</u>

5. Interest payable and similar expenses

	2019 £	2018 £
Finance leases and hire purchase contracts	2,492	1,695
	<u>2,492</u>	<u>1,695</u>

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

6. Tangible fixed assets

	Leasehold property improvements £	Plant & machinery £	Total £
Cost or valuation			
At 1 November 2018	169,525	342,616	512,141
Additions	135,822	460,076	595,898
At 31 October 2019	<u>305,347</u>	<u>802,692</u>	<u>1,108,039</u>
Depreciation			
At 1 November 2018	77,702	140,890	218,592
Charge for the year on owned assets	17,883	51,733	69,616
At 31 October 2019	<u>95,585</u>	<u>192,623</u>	<u>288,208</u>
Net book value			
At 31 October 2019	<u>209,762</u>	<u>610,069</u>	<u>819,831</u>
At 31 October 2018	<u>91,823</u>	<u>201,726</u>	<u>293,549</u>

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

	2019 £	2018 £
Plant and machinery	332,398	34,528
	<u>332,398</u>	<u>34,528</u>

7. Stocks

	2019 £	2018 £
Finished goods and goods for resale	639,540	568,650
	<u>639,540</u>	<u>568,650</u>

Stock recognised in cost of sales during the year as an expense was £2,749,235 (2018 - £2,100,798).

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

8. Debtors

	2019 £	2018 £
Trade debtors	567,761	380,689
Amounts owed by group undertakings	1,243,151	1,182,124
Other debtors	111,310	16,433
Prepayments and accrued income	11,084	6,008
Tax recoverable	7,739	17,559
	<u>1,941,045</u>	<u>1,602,813</u>

9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	526,047	932,715
	<u>526,047</u>	<u>932,715</u>

10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	707,020	545,826
Amounts owed to group undertakings	93,029	12,013
Other taxation and social security	23,748	25,233
Obligations under finance lease and hire purchase contracts	327,397	22,431
Other creditors	1,408	169
Accruals and deferred income	133,031	152,854
	<u>1,285,633</u>	<u>758,526</u>

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

11. Deferred taxation

	2019 £
At beginning of year	(36,145)
Credited to profit or loss	(70,711)
At end of year	(106,856)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(106,856)	(36,145)

12. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
200 (2018 - 200) Ordinary shares of £0.50 each	100	100

All ordinary shares are assigned the same dividend and voting rights.

13. Reserves

Profit & loss account

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

Romold Limited

Notes to the Financial Statements For the year ended 31 October 2019

14. Related party transactions

The company has taken advantage of the exemption contained within Section 33 of FRS 102 not to disclose transactions with wholly owned subsidiaries within the group.

During the year, the company paid rent to a related company owned by a director which totalled £225,000 (2018 - £160,000). The balance outstanding at the end of the year was £29,631 (2018 - £Nil).

During the year, the company made sales to a related company (partially owned within the group) which totalled £838,047 (2018 - £869,036) and received funds of £760,975 (2018 - £1,036,060). The balance receivable at the end of the year was £175,254 (2018 - £98,182).

During the year, the company made sales to a related company (partially owned within the group) which totalled £18,354 (2018 - £5,332) and received funds of £nil (2018 - £150,109). The balance receivable at the end of the year was £373,358 (2018 - £355,004).

During the year, the company made sales to a related company (partially owned within the group) which totalled £761,726 (2018 - £675,783) and received funds of £823,317 (2018 - £556,537). The balance receivable at the end of the year was £249,702 (2018 - £311,293).

During the year, the company made purchases from an associated company, which totalled £5,432 (2018 - £14,604) and made payments which totalled £Nil (2018 - £17,526). The balance payable at the end of the year was £6,788 (2018 - £1,356).

15. Contingent liabilities

The company, together with its parent company, have granted a bond and floating charge on all the assets and liabilities of this company and provided cross guarantees to secure banking facilities granted to the group. The contingent liability at the balance sheet date amounted to £894,000 (2018 - £1,105,686).

16. Post balance sheet events

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 30 October 2019. Details of the potential impact on the company are detailed in the Directors Report.

17. Controlling party

Romold Limited is a wholly owned subsidiary of Empteezy Limited, the ultimate parent company, which is controlled by Bruce Wishart.

18. Auditor's information

The auditor's report on the financial statements for the year ended 31 October 2019 was unqualified.

The audit report was signed on 31 July 2020 by Mark McCluskey (senior statutory auditor) on behalf of BDO LLP.