

**Halspan Limited**

Group financial statements

Year ended 31 January 2019

Company Number SC194458

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**Officers and professional advisers**

<b>The Board of directors</b>	John TM Martin Rhodri WM Williams Garabet Abajian Alistair Martindale Andrew Wallace
<b>Company secretary</b>	Ruth Martin
<b>Registered office</b>	South Lodge Muirhouses Bo'ness EH51 9SS
<b>Auditors</b>	MHA Henderson Loggie Chartered Accountants 11-15 Thistle Street Edinburgh EH2 1DF
<b>Bankers</b>	Bank of Scotland Regent Centre Blackness Road Linlithgow West Lothian EH49 7HU  HSBC 2 Buchanan Street Glasgow G1 3LB
<b>Company number</b>	SC194458

**Strategic report**  
*for the year ended 31 January 2019*

The directors present their strategic report for the year ended 31 January 2019.

**Principal activity and review of business**

During the year the group's principal activity continued to be the supply of door and fire door components, in the UK, Europe, Middle East and Asia.

The profit for the year after taxation is £1,092,700 (2018: £1,962,722). The directors have paid an interim dividend of £5,036,000 and they do not recommend the payment of a final dividend.

The group's key financial and other performance indicators during the year were as follows:

	2019 £	2018 £	Change %
Turnover	18,668,523	19,816,720	(5.79)
Operating profit	1,142,510	2,321,488	(50.79)
Profit for the financial year	1,092,700	1,962,722	(44.33)
Total equity	7,884,280	11,827,413	(33.34)
Current assets as % of current liabilities	567%	763%	

**Future developments**

The group is committed to research and development and will continue its product development programme of US standard products.

While more difficult trading conditions are expected in the European, Middle East and UK markets we are investing in other developing markets in Africa and Asia.

**Principal risks and uncertainties**

The group's principal financial instruments are cash and cash equivalents. Other financial assets and liabilities, such as trade creditors and hire purchase obligations, arise directly from operating activities. The main risks associated with the group's financial assets are:

**Credit risk**

Most sales with external parties are exposed to credit risk. The group does not take out credit insurance but takes advice from agencies on the level of exposure to companies. Bad debt has not been significant. Other sales are by documentary credits.

**Strategic report** *(continued)*  
*for the year ended 31 January 2019*

**Principal risks and uncertainties** *(continued)*

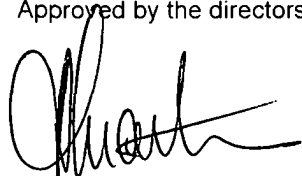
**Interest rate risk**

As the group is self-funding it is not affected but trade credit will come under pressure if there are upward movements in interest rates.

**Currency movements**

Most sales are made in the purchase currencies but as the accounts are in GBP the transactions are converted into GBP creating profit/loss on the transactions due to movement in the currency values. Currency movements in the year have been such that this has resulted in a gain of £80,388 (2018: loss of £97,312).

Approved by the directors on 24 October 2019 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'John TM Martin', with a long horizontal flourish extending to the right.

**John TM Martin**  
*Director*

## **Directors' report**

*for the year ended 31 January 2019*

The directors present their report and the financial statements of the group for the year ended 31 January 2019.

### **Directors' responsibilities**

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

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

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and emphasised in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

### **Directors**

The directors who served during the year are as stated below:

John TM Martin  
Rhodri WM Williams  
Garabet Abajian  
Alistair Martindale  
Andrew Wallace (appointed 01/08/2018)

**Directors' report** *(continued)*  
*for the year ended 31 January 2019*

**Auditors**

MHA Henderson Loggie were appointed auditors to the company and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

Approved by the directors on 24 October 2019 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'John TM Martin', with a long horizontal stroke extending to the right.

**John TM Martin**  
*Director*

South Lodge  
Muirhouses  
Bo'ness  
EH51 9SS

## **Independent Auditor's Report to the Members of Halspan Limited**

### **Opinion**

We have audited the financial statements of Halspan Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2019 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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



## **Independent Auditor's Report to the Members of Halspan Limited (continued)**

### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

### **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 Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

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

In preparing the financial statements, the directors are responsible for assessing the 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 intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of Halspan Limited (continued)**

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

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

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



**James Davidson (Senior Statutory Auditor)**  
**for and on behalf of MHA Henderson Loggie**

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

Ground Floor  
11 Thistle Street  
Edinburgh  
EH2 1DF

28 October 2019

MHA Henderson Loggie is a trading name of Henderson Loggie LLP.

**Group profit and loss account  
for the year ended 31 January 2019**

	Note	2019 £	2018 £
<b>Turnover</b>	2	<b>18,668,523</b>	19,816,720
Cost of sales		<b>(15,084,694)</b>	(15,245,241)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,583,829</b>	4,571,479
Administrative expenses		<b>(2,441,319)</b>	(2,249,991)
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>1,142,510</b>	2,321,488
Interest receivable and similar income	6	<b>182,644</b>	120,480
Interest payable and similar charges	7	-	(151)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>1,325,154</b>	2,441,817
Tax on profit on ordinary activities	8	<b>(232,454)</b>	(479,095)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>1,092,700</b>	1,962,722
Minority interests		-	-
		<hr/>	<hr/>
<b>Profit attributable to members of the parent company</b>	9	<b>1,092,700</b>	1,962,722
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,092,700</b>	1,962,722
		<hr/>	<hr/>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

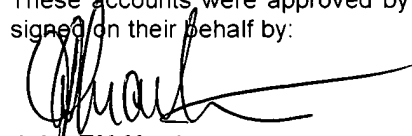
The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

The notes on pages 15 to 28 form part of these financial statements

**Group balance sheet  
as at 31 January 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	11		56,336		76,853
			<u>56,336</u>		<u>76,853</u>
<b>Current assets</b>					
Stocks	13	1,337,255		1,480,252	
Debtors:	14				
Amounts falling due within one year		3,678,170		7,355,313	
Amounts falling due after one year		1,150,000		1,000,000	
Cash at bank and in hand		3,349,017		3,697,730	
		<u>9,514,442</u>		<u>13,533,295</u>	
<b>Creditors: Amounts falling due within one year</b>	15	(1,680,652)		(1,773,263)	
<b>Net current assets</b>			<u>7,833,790</u>		<u>11,760,032</u>
<b>Total assets less current liabilities</b>			<u>7,890,126</u>		<u>11,836,885</u>
<b>Provisions for liabilities</b>					
Deferred taxation	16		(5,846)		(9,472)
			<u>7,884,280</u>		<u>11,827,413</u>
<b>Capital and reserves</b>					
Called up equity share capital	22	70,000		50,000	
Profit and loss account		7,814,113		11,774,515	
Other reserves		167		-	
		<u>7,884,280</u>		<u>11,824,515</u>	
<b>Shareholders' funds</b>			<u>7,884,280</u>		<u>11,824,515</u>
Minority interests			-		2,898
<b>Total equity</b>			<u>7,884,280</u>		<u>11,827,413</u>

These accounts were approved by the members and authorised for issue on 24 October 2019 and are signed on their behalf by:

  
John TM Martin  
Director

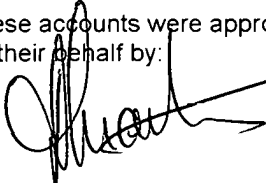
Company registration number: SC194458

The notes on pages 15 to 28 form part of these financial statements

**Balance sheet  
as at 31 January 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	11		56,336		76,853
Investments	12		10,242		10,242
			<hr/>		<hr/>
			66,578		87,095
<b>Current assets</b>					
Stocks	13	1,337,255		1,480,252	
Debtors:	14				
Amounts falling due within one year		3,689,007		7,355,313	
Amounts falling due after one year		1,150,000		1,000,000	
Cash at bank and in hand		3,335,564		3,689,820	
		<hr/>		<hr/>	
		9,511,826		13,525,385	
<b>Creditors: Amounts falling due within one year</b>	15	(1,674,414)		(1,773,263)	
<b>Net current assets</b>		<hr/>	7,837,412	<hr/>	11,752,122
<b>Total assets less current liabilities</b>			7,903,990		11,839,217
<b>Provisions for liabilities</b>					
Deferred taxation	16		(5,846)		(9,472)
			<hr/>		<hr/>
			7,898,144		11,829,745
<b>Capital and reserves</b>			<hr/>		<hr/>
Called up equity share capital	22	70,000		50,000	
Profit and loss account		7,828,144		11,779,745	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>			7,898,144		11,829,745
			<hr/>		<hr/>

These accounts were approved by the members and authorised for issue on 24 October 2019 and are signed on their behalf by:

  
**John TM Martin**  
Director

Company registration number: SC194458

The notes on pages 15 to 28 form part of these financial statements

**Group statement of cash flows  
for the year ended 31 January 2019**

	2019 £	2019 £	2018 £	2018 £
<b>Cash generated from operating activities</b>				
Operating profit	1,142,510		2,321,488	
Amortisation			-	
Depreciation	29,795		33,250	
(Gain) on disposal of fixed assets	(5,152)		(10,387)	
Decrease/(increase) in stocks	142,997		182,374	
Decrease/(increase) in debtors	3,528,608		(918,909)	
Increase/(decrease) in creditors	160,107		916,202	
Taxation paid	(490,262)		(473,854)	
Effect of exchange rate movement on cash	167		-	
<b>Net cash (used in)/generated from operating activities</b>		<b>4,508,770</b>		<b>2,050,164</b>
<b>Cash generated from financing activities</b>				
Equity dividends paid	(5,036,000)		(41,000)	
Interest paid	-		(151)	
Proceeds from borrowings	-		(5,000)	
<b>Net cash used in financing activities</b>		<b>(5,036,000)</b>		<b>(46,151)</b>
<b>Cash generated from investing activities</b>				
Payments to acquire tangible fixed assets	(16,127)		(46,425)	
Interest received	182,644		120,480	
Proceeds from sale of fixed assets	12,000		19,619	
<b>Net cash provided by investing activities</b>		<b>178,517</b>		<b>93,674</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(348,713)</b>		<b>2,097,687</b>
Cash and cash equivalents at the start of the year		<b>3,697,730</b>		<b>1,600,043</b>
<b>Cash and cash equivalent at the end of the year</b>		<b>3,349,017</b>		<b>3,697,730</b>
<b>Cash and cash equivalents comprise:</b>				
Cash at bank and in hand		<b>3,349,017</b>		<b>3,697,730</b>

The notes on pages 15 to 28 form part of these financial statements

**Group statement of changes in equity  
for the year ended 31 January 2019**

	Called-up share capital	Profit and loss account	Translation reserve	Amounts attributable to the controlling interests	Non- controlling interests	Total
	£	£		£	£	£
At 1 February 2017	50,000	9,852,793	-	9,902,793	2,898	9,905,691
Profit and total comprehensive income for the year	-	1,962,722	-	1,962,722	-	1,962,722
Dividends paid	-	(41,000)	-	(41,000)	-	(41,000)
At 31 January 2018	50,000	11,774,515	-	11,824,515	2,898	11,827,413
Profit and total comprehensive income for the year	-	1,092,700	-	1,092,700	-	1,092,700
Bonus issue	20,000	(20,000)	-	-	-	-
Loss on disposal of investment	-	2,898	-	2,898	(2,898)	-
Translation movement	-	-	167	167	-	167
Dividends paid	-	(5,036,000)	-	(5,036,000)	-	(5,036,000)
At 31 January 2019	70,000	7,814,113	167	7,884,280	-	7,884,280

**Company statement of changes in equity  
for the year ended 31 January 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 February 2017	50,000	9,849,227	9,899,227
Profit and total comprehensive income for the year	-	1,971,518	1,971,518
Dividends paid	-	(41,000)	(41,000)
	<hr/>	<hr/>	<hr/>
At 31 January 2018	50,000	11,779,745	11,829,745
Profit and total comprehensive income for the year	-	1,104,399	1,104,399
Issue of bonus shares	20,000	(20,000)	-
Dividends paid	-	(5,036,000)	(5,036,000)
	<hr/>	<hr/>	<hr/>
<b>At 31 January 2019</b>	<b>70,000</b>	<b>7,828,144</b>	<b>7,898,144</b>
	<hr/>	<hr/>	<hr/>



**Notes (forming part of the financial statements)**

**1. Accounting policies**

***Company information***

Halspan Limited is a company limited by shares incorporated in Scotland. The registered office is South Lodge, Muirhouses, Bo'ness, EH51 9SS.

***Accounting convention***

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

The financial statements are prepared in sterling, which is the functional currency of the group monetary accounts in these financial statements are rounded to the nearest pound.

The financial statements are prepared under the historical cost convention. The principal accounting policies adopted are set out below.

***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off after five years from the year end of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

***Going concern***

The financial statements have been prepared on the going concern basis because the directors consider the company to be a going concern.

***Turnover***

The companies' turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. Turnover is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, which generally arises on dispatch.

***Research and development***

Research and development expenditure is written off in the year in which it is occurred.

***Amortisation***

Amortisation is calculated so as to write off the cost of an asset, less its estimate residual value, over the useful economic life of that asset as follows:

Goodwill	10 years straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

***Fixed assets***

All fixed assets are initially recorded at cost.

***Depreciation***

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

**Notes (continued)**

**1. Accounting policies (continued)**

Short leasehold property	Straight line over the life of the lease
Fixtures, fittings and equipment	3 years straight line
Motor vehicles	25% reducing balance
Computer equipment	3 years straight line

**Investments**

Fixed asset investments are stated at cost less provision for permanent diminution in value.

**Stocks**

Stock is valued at the lower of cost and net realisable value.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Financial instruments**

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Impairment of financial assets**

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**Classification of financial liabilities**

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

**Notes (continued)**

**1. Accounting policies (continued)**

***Financial instruments (continued)***

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

***Derecognition of financial liabilities***

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

***Equity instruments***

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

***Operating lease agreements***

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

***Pension costs***

The company operates a defined contribution pension scheme for the benefit of its employees. The costs of contributions are written off against profits in the year they are payable.

***Employer Financed Retirement Benefit Schemes (EFRBS)***

In the year to 31 January 2011 the company established an employer financed retirement benefit scheme for the benefit of the officers, employees and their wider families, the Halspan Limited Employer Financed Retirement Benefit Scheme ("the scheme").

In accordance with FRS 102 the company does not include the assets and liabilities of the scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the scheme and will not have control of the rights or other access to those future economic benefits.

***Taxation***

The taxation expense represents the aggregate amount of current and deferred tax recognised in the period. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

***Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are taken to the profit and loss account.

Notes (continued)

1. Accounting policies (continued)

**Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Share-based payments**

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group undertaken in the UK and overseas. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019	2018
	%	%
UK	30	30
Gulf	38	38
Middle East	13	13
Europe	15	15
Rest of World	4	4
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

**Notes (continued)**

**3. Operating profit**

	2019 £	2018 £
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	29,796	33,250
Impairment of trade debtors	268,804	40,082
Impairment of inventory	26,446	-
Research and development	114,188	214,073
Stock expense within cost of sales	14,305,947	14,072,110
Operating lease costs:		
- Other assets	24,866	21,896
Net loss/(profit) on foreign currency translation	(80,388)	97,312
	<u>                    </u>	<u>                    </u>

**Auditor's fees**

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2019 £	2018 £
Audit of parent company	11,050	9,500
	<u>                    </u>	<u>                    </u>

**4. Particulars of employees**

The average number of staff employed by the group during the financial year amounted to:

	2019 No.	2018 No.
Number of selling and distribution staff	8	8
Number of administrative staff	9	8
Number of research staff	1	1
	<u>                    </u>	<u>                    </u>
	18	17
	<u>                    </u>	<u>                    </u>

The aggregate payroll costs of the above were:

	£	£
Wages and salaries	671,001	571,797
Social security costs	69,441	62,093
Pension costs – Other operating charge	73,425	236,076
	<u>                    </u>	<u>                    </u>
	813,867	869,966
	<u>                    </u>	<u>                    </u>

**Notes (continued)**

**5. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were:

	2019 £	2018 £
Remuneration receivable	260,355	145,541
Pension contributions	61,474	211,018
Employer's National Insurance	35,929	17,654
	<u>357,758</u>	<u>374,213</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2019 No.	2018 No.
Money purchase schemes	<u>5</u>	<u>4</u>

The directors are considered to be the key management of the company.

**6. Interest receivable and similar income**

	2019 £	2018 £
Bank deposits	7,153	542
Other interest receivable and similar income	175,491	119,938
	<u>182,644</u>	<u>120,480</u>

**7. Interest payable and similar charges**

	2019 £	2018 £
Other interest	<u>-</u>	<u>151</u>

Notes (continued)

**8. Taxation on ordinary activities**

(a) **Analysis of charge in the year**

	2019 £	2018 £
Current tax:		
In respect of the year:		
UK corporation tax based on the results for the year at 19% (2018: 19.16%)	268,663	469,591
Corporation tax adjustment re previous year	(32,583)	-
	<hr/>	<hr/>
Total current tax	236,080	469,591
Deferred tax:		
Origination and reversal of timing differences (note 17):		
Capital allowances	(3,626)	9,504
	<hr/>	<hr/>
Tax on profit on ordinary activities	232,454	479,095
	<hr/>	<hr/>

(b) **Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: 19.16%).

	2019 £	2018 £
Profit on ordinary activities before taxation	1,325,154	2,441,817
	<hr/>	<hr/>
Profit on ordinary activities by rate of tax	251,779	467,852
Expenses not deductible for tax purposes	11,524	9,558
Capital allowances for period in excess of depreciation	3,137	(9,504)
Adjustments to tax charge in respect of previous periods	(32,583)	-
Losses on subsidiaries not receivable	-	1,239
Tax on foreign entities	2,223	446
	<hr/>	<hr/>
Total current tax (note 8(a))	236,080	469,591
	<hr/>	<hr/>

(c) **Factors that may affect future tax charges**

During the year to 31 January 2016 Halspan Limited paid £247,158 in respect of an Advanced Payment Notice (APN) in relation to contributions to Employee Financed Retirement Benefit Schemes that had previously been treated as allowable deductions. This may be repayable in the future depending on the outcome of the future determination of whether these contributions were allowable deductions or not.

**Notes (continued)**

**9. Profit attributable to members of the parent company**

The profit dealt with in the financial statements of the parent company was £1,104,399 (2018: £1,971,518).

**10. Dividends**

**Equity dividends**

	2019 No.	2018 No.
Equity dividends on ordinary 'B' shares	36,000	41,000
Equity dividends on ordinary 'C' shares	5,000,000	-
	<u>5,036,000</u>	<u>41,000</u>

**11. Tangible fixed assets**

<i>Group and company</i>	Short leasehold property	Fixtures, fittings and equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2018	76,698	37,731	48,687	150,753	313,869
Additions	-	4,886	-	11,238	16,124
Disposals	-	(689)	(28,850)	-	(29,539)
	<u>76,698</u>	<u>41,928</u>	<u>19,837</u>	<u>161,991</u>	<u>300,454</u>
<b>Depreciation</b>					
At 1 February 2018	43,463	37,731	26,962	128,860	237,016
Charge for the year	7,670	1,631	3,719	16,775	29,795
Disposals	-	(689)	(22,004)	-	(22,693)
	<u>51,133</u>	<u>38,673</u>	<u>8,677</u>	<u>145,635</u>	<u>244,118</u>
<b>Net book value</b>					
At 31 January 2019	<u>25,565</u>	<u>3,255</u>	<u>11,160</u>	<u>16,356</u>	<u>56,336</u>
At 31 January 2018	<u>33,235</u>	<u>-</u>	<u>21,725</u>	<u>21,893</u>	<u>76,853</u>



Notes (continued)

**12. Investments**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Shares in group undertakings:				
Cost at beginning of year	-	-	<b>10,242</b>	15,000
Additions	-	-	-	10,242
Provision for impairment	-	-	-	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at end of year	-	-	<b>10,242</b>	10,242
	<hr/>	<hr/>	<hr/>	<hr/>

**Subsidiary undertakings**

At 31 January 2019 the group and company holds 20% or more of the allotted equity share capital of the following:

	<b>Country of Incorporation</b>	<b>Class of share</b>	<b>Proportion held by parent</b>	<b>Proportion held by group</b>	<b>Nature of business</b>
Halspan Technical Services DMCC	UAE	Ordinary	100%	100%	Sales office & technical support company for GCC region

The investment in Halspan Technical Services DMCC represents 50 ordinary shares of AED 1,000 each. The registered office of Halspan Technical Services DMCC is Dubai Multi Commodities Centre, Dubai.

The subsidiary undertaking has been consolidated in the group financial statements.

**13. Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials	<b>246,548</b>	208,542	<b>246,548</b>	208,542
Finished goods	<b>1,090,707</b>	1,271,710	<b>1,090,707</b>	1,271,710
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,337,255</b>	1,480,252	<b>1,337,255</b>	1,480,252
	<hr/>	<hr/>	<hr/>	<hr/>

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	3,628,495	4,730,015	3,628,495	4,730,015
Amounts owed by group undertakings	-	-	13,527	-
Amounts owed by related undertakings	4,918	2,592,975	4,918	2,592,975
Other debtors	43,292	32,323	40,602	32,323
Corporation tax	1,465	-	1,465	-
	<u>3,678,170</u>	<u>7,355,313</u>	<u>3,689,007</u>	<u>7,355,313</u>
	<u><u>3,678,170</u></u>	<u><u>7,355,313</u></u>	<u><u>3,689,007</u></u>	<u><u>7,355,313</u></u>
	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
<b>Due after one year</b>				
Other debtors	1,150,000	1,000,000	1,150,000	1,000,000
	<u>1,150,000</u>	<u>1,000,000</u>	<u>1,150,000</u>	<u>1,000,000</u>
	<u><u>1,150,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,150,000</u></u>	<u><u>1,000,000</u></u>

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	921,795	858,079	921,795	858,079
Corporation tax	-	252,718	-	252,718
PAYE and social security	28,787	21,646	28,787	21,646
VAT	99,295	5,373	99,295	5,373
Accruals and deferred income	630,775	635,447	624,537	635,447
	<u>1,680,652</u>	<u>1,773,263</u>	<u>1,674,414</u>	<u>1,773,263</u>

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**Notes (continued)**

**16. Deferred taxation**

The deferred tax provided for is included as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in provisions	<b>(5,846)</b>	<b>(9,472)</b>	<b>(5,846)</b>	<b>(9,472)</b>
	<u><b>(5,846)</b></u>	<u><b>(9,472)</b></u>	<u><b>(5,846)</b></u>	<u><b>(9,472)</b></u>

The group and company has no unprovided deferred tax.

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>3,626</b>	<b>(9,504)</b>	<b>3,626</b>	<b>(9,504)</b>
	<u><b>3,626</b></u>	<u><b>(9,504)</b></u>	<u><b>3,626</b></u>	<u><b>(9,504)</b></u>

**17 Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	<b>4,826,705</b>	<b>8,355,313</b>	<b>4,837,542</b>	<b>8,355,313</b>
	<u><b>4,826,705</b></u>	<u><b>8,355,313</b></u>	<u><b>4,837,542</b></u>	<u><b>8,355,313</b></u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	<b>1,176,785</b>	<b>1,493,526</b>	<b>1,170,547</b>	<b>1,493,526</b>
	<u><b>1,176,785</b></u>	<u><b>1,493,526</b></u>	<u><b>1,170,547</b></u>	<u><b>1,493,526</b></u>

Debt instruments measured at amortised cost comprises trade debtors, other debtors and amounts owed by related undertakings.

Liabilities measured at amortised cost comprises trade creditors, accruals, director's loan and other creditors.

**18. Commitments under operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

<b>Group and company</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>47,000</b>	<b>44,728</b>
Later than 1 year and not later than 5 years	<b>107,708</b>	<b>154,708</b>
Later than 5 years	<b>-</b>	<b>-</b>
	<u><b>154,708</b></u>	<u><b>199,436</b></u>

**Notes (continued)**

**19. Financial risk management objectives and policies**

The company has assessed its exposure to liquidity and cashflow risks and the directors consider these to be low in view of the cash reserves held.

**20. Related party transactions**

During the year John Martin Associates, a partnership owned by Mr and Mrs John Martin provided management services to the company totalling £141,667 (2018 - £226,333).

A loan was provided to Kelvin KBB Limited, a company under the control of Mr John Martin. Amount outstanding at the year end was £Nil (2018 - £2,589,872).

Kelvin KBB Limited and Paddockhall Developments Limited have purchased goods and services from Halspan Limited. Amounts outstanding at the year end were £28,935 (2018 - £Nil) and £6,957 (2018 - £Nil) respectively. At the year end Halspan owed £2,254 (2018: £Nil) to Paddockhall Holiday Homes Limited. Paddockhall Developments Limited and Paddockhall Holiday Homes Limited are under the control of Mr and Mrs John Martin.

During the year payments totalling £434,937 (2018: £336,736) were made to Global Product Sourcing (UK) Limited of which the director, Mr Garabet Abajian is a shareholder. At the year end Halspan were due the company £196,505 (2018 - £332,796).

During the year, a dividend of £5,000,000 was paid to Muirhouses Capital Limited, a company in which Mr John Martin and Mrs Ruth Martin are directors. A dividend of £36,000 was paid to Mrs Ruth Martin.

**21. Controlling party**

The directors regard Mr John Martin and Mrs Ruth Martin as the controlling parties.

Notes (continued)

22. Share capital

	2019 £	2018 £
<b>Authorised share capital</b>		
40,000 Ordinary class A shares of £1 each	40,000	40,000
10,000 Ordinary class B shares of £1 each	10,000	10,000
20,000 Ordinary class C shares of £1 each	20,000	-
	<u>70,000</u>	<u>50,000</u>

	2019		2018	
	No	£	No	£
Ordinary class A shares of £1 each	40,000	40,000	40,000	40,000
Ordinary class B shares of £1 each	10,000	10,000	10,000	10,000
Ordinary class C shares of £1 each	20,000	20,000	-	-
	<u>70,000</u>	<u>70,000</u>	<u>50,000</u>	<u>50,000</u>

On 2 October 2018, 20,000 Ordinary C shares were allotted to Mr and Mrs Martin by capitalising part of the amount standing to the credit of profit and loss account and crediting as fully paid up, to the shareholders of A shares and B shares at the rate of 2 new C shares for every 5 existing A shares or B shares held.

The Ordinary A and B shares have full voting and dividend rights. The Ordinary C shares are entitled to the "excess cash sum" as defined in the articles and carry no voting rights.

23. Share Options

Under the terms of the share option scheme, the Board may offer staff options over D class ordinary shares of the company. No consideration was received and the options may be exercised upon an exit event.

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 February 2018	-	-	-	-
Granted	21,430	-	0.01	-
	<u>21,430</u>	<u>-</u>	<u>0.01</u>	<u>-</u>
Outstanding at 31 January 2019	21,430	-	0.01	-
	<u>21,430</u>	<u>-</u>	<u>0.01</u>	<u>-</u>
Exercisable at 31 January 2019	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes** *(continued)*

**23. Share options (continued)**

During the year 21,430 share options were issued.

No charge in respect of share options has been recognised in the financial statements as, in the opinion of the directors, the amounts involved are not material.

At the year end Rhodri Williams, a director of the company, had 5,358 options, none of which are exercisable, with an exercise price of £0.01.

At the year end Garabet Abajian, a director of the company, had 3,572 options, none of which are exercisable, with an exercise price of £0.01.

At the year end Andrew Wallace, a director of the company, had 8,928 options, none of which are exercisable, with an exercise price of £0.01.

At the year end Alistair Martindale, a director of the company, had 3,572 options, none of which are exercisable, with an exercise price of £0.01.