

Company Registration No. SC176095 (Scotland)

Hutchison Technologies Limited
Annual report and financial statements
for the year ended 30 June 2020



Hutchison Technologies Limited

Company information

Directors	B Hutchison M Hutchison
Secretary	B Hutchison
Company number	SC176095
Registered office	Innovation Centre 1 Harrison Road Dundee DD2 3SN
Auditor	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Royal Bank of Scotland Kingsway Circus Branch 277 Strathmartine Road Dundee DD3 8NS
Solicitors	Thorntons-Law LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BL

Hutchison Technologies Limited

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Hutchison Technologies Limited

Strategic report

for the year ended 30 June 2020

The directors present the strategic report for the year ended 30 June 2020.

Fair review of the business

Hutchison Technologies Ltd has a diverse portfolio of products and services. A number of areas of business operations are complimentary, some are disparate. The directors are satisfied performance was in line with expectations and projects.

Principal risks and uncertainties

The global Coronavirus pandemic has significantly impacted the UK economy. The company's business model has also been impacted as a number of the company's customers operate in the leisure and hospitality sectors and have had their activities significantly curtailed as a result of multiple lockdowns. The impact of Coronavirus on the leisure and hospitality industry has been difficult, however we are beginning to see venues open and orders coming back close to pre-COVID levels. Whilst the company's core business has been affected, other products in the portfolio have performed strongly, particularly those that meet the needs of the NHS and wider care sector. This diversification has allowed the company to continue to trade profitably and, along with Government financial support measures, successfully manage its cash flow.

Other than Coronavirus, the largest risk and uncertainty to all UK businesses continues to be Brexit. We have many customers in mainland Europe, therefore we will need to adapt our business to overcome these issues as the situation develops.

Brexit could cause difficulties in trading with EU suppliers and customers leading to increased costs. It is currently causing difficulty in our business attracting good software developers to develop our new products and this could cause delays to product release dates.

Due to the growth of the business over recent years, the business has now outgrown the existing office/storage facility. In order to mitigate this risk, the business has found new office/storage facility and work on the exterior/interior fit out of the building began in 2017. These costs are included within assets under construction. These premises have a fully functioning warehouse and office personnel will move into the premises in 2021.

Results and performance

Sales revenue in the year was £14.75m, an increase on last year of £3.86m.

The business has continued to develop as a niche multi-skilled one stop specialist capable of delivering complete multi system, multi service solutions. We know our clients have a choice and as such, long standing client relationships are cherished and the business remains completely focussed on delivering an exceptional service to customers old and new.

The business has continued to invest in several Research and Development programmes, in particular, those relating to Smart Energy meters. Substantial investment has been made to gain and retain ISO9001, ISO27001, ISO22301, ISO14001 and ISO18001 accreditation and set up the manufacturing production lines and make ready the facilities to manufacture the smart energy products.

The business has contracts in place to supply millions of products to large UK energy retailers and some of the Research and Development projects began generating revenue in this financial year.

The business is continually diversifying and looking for new opportunities to deliver future company growth. The medical device market was identified as a key area of diversification and the business has secured relationships to manufacture products for leading global pharmaceutical companies and health organisations. Substantial investment has been made to gain Medical ISO13485 quality assurance accreditation and set up the management systems and make ready the facilities to manufacture the medical devices.

The business is implementing a new business wide ERP system which will provide end to end business process and workflow management thereby providing the tools to better manage and grow the business. This is expected to go live in March 2022.

Financial Instruments

Treasury operations and financial instruments:

The company's operations expose it to a variety of financial risks that include the effects of changes in debt, market prices, credit risk, liquidity risk and interest risk. The company has in place a risk management programme that seeks to limit the adverse effects of the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of managing financial risk management to a sub-committee. The policies set out by the directors are implemented by the company's finance department.

Liquidity risk:

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk:

The company has interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at a fixed rate. Interest bearing liabilities include bank overdraft balances. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign currency risk:

The company is exposed to commodity foreign currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the directors.

Future Developments

Over and above the core activities, the business is also involved in the manufacture and sale of some diverse Research and Development innovations. Currently, this is focussed around Smart Energy meters. Whilst this has had some impact on the financial statements for the year ended 30 June 2020, the likelihood is this will impact future years to a much greater degree. The business has also successfully diverted some activity into other profitable product lines outwith the core business and will continue to aim for growth in future years.

Hutchison Technologies Limited

Strategic report (continued)

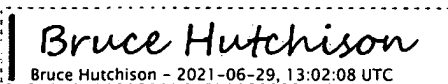
for the year ended 30 June 2020

Key Performance Indicators

Key performance indicators include the monitoring of the operating and financial performance of the company by the management team. The KPIs as adopted by the company are as follows:-

	2020	2019
	£000	£000
Turnover	14,754	10,893
Gross profit (%)	22.16	27.19
Operating profit/(loss)	1,018	1,331
Profit/(loss) before tax	909	1,224
Cash at bank and in hand	992	2,088
Net assets	4,112	3,318
Debtor days	63	42
Creditor days	41	45
	=====	=====

On behalf of the board


Bruce Hutchison - 2021-06-29, 13:02:08 UTC

B Hutchison
Director

Hutchison Technologies Limited

Directors' report

for the year ended 30 June 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company continued to be that of the design, supply, installation and ongoing maintenance of:

- Public address systems
- Background music systems
- Television, visual and video systems
- CCTV systems
- Access control systems
- Telecommunication and data-communication systems and networks

Directors

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

B Hutchison
M Hutchison

Results and dividends

The results for the year are set out on page 9.

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

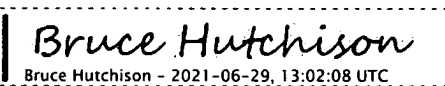
Statement of disclosure to auditor

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

Strategic Report

Included within the strategic report is an indication of the principal risks and uncertainties including the risks associated with the market conditions, credit and counterparty risk, liquidity risk, and cash flow exchange risk. Also included is the methods adopted to manage these risks where applicable.

On behalf of the board


Bruce Hutchison - 2021-06-29, 13:02:08 UTC

B Hutchison
Director

Date:

Hutchison Technologies Limited

Directors' responsibilities statement

for the year ended 30 June 2020

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

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

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

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

Hutchison Technologies Limited

Independent auditor's report

to the Members of Hutchison Technologies Limited

Opinion

We have audited the financial statements of Hutchison Technologies Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are 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.

Hutchison Technologies Limited

Independent auditor's report (continued)

to the Members of Hutchison Technologies Limited

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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


Hutchison Technologies Limited

Independent auditor's report (continued)

to the Members of Hutchison Technologies Limited

Use of our report

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


Gavin Black - 2021-06-29, 14:07:53 UTC

Gavin Black (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP

Chartered Accountants
Statutory Auditor

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The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Hutchison Technologies Limited

Statement of comprehensive income

for the year ended 30 June 2020

		2020	2019
	Notes	£	£
Turnover	3	14,753,729	10,893,506
Cost of sales		(11,484,911)	(7,931,175)
Gross profit		3,268,818	2,962,331
Administrative expenses		(2,983,881)	(2,742,892)
Other operating income		733,216	43,789
Reversal of EBT settlement accrual	4	-	1,068,227
Operating profit	5	1,018,153	1,331,455
Interest payable and similar expenses	8	(109,516)	(107,850)
Profit before taxation		908,637	1,223,605
Tax on profit	9	(127,624)	(91,365)
Profit for the financial year		781,013	1,132,240

The profit and loss account has been prepared on the basis that all operations are continuing operations.

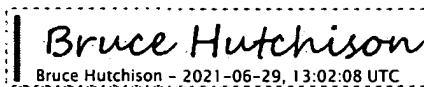
Hutchison Technologies Limited

Balance Sheet

as at 30 June 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	10	2,018,528		1,786,414	
Tangible assets	11	2,646,446		2,152,338	
Investments	12	40,666		40,666	
		<u>4,705,640</u>		<u>3,979,418</u>	
Current assets					
Stocks	14	1,390,860		1,856,291	
Debtors	15	7,913,514		1,983,784	
Cash at bank and in hand		991,685		2,008,377	
		<u>10,296,059</u>		<u>5,848,452</u>	
Creditors: amounts falling due within one year	16	<u>(8,674,978)</u>		<u>(5,109,336)</u>	
Net current assets		<u>1,621,081</u>		<u>739,116</u>	
Total assets less current liabilities		<u>6,326,721</u>		<u>4,718,534</u>	
Creditors: amounts falling due after more than one year	17	(1,864,878)		(1,266,740)	
Provisions for liabilities					
Deferred tax liability	20	363,130		134,094	
		<u>(363,130)</u>		<u>(134,094)</u>	
Net assets		<u>4,098,713</u>		<u>3,317,700</u>	
Capital and reserves					
Called up share capital	23	50,002		50,002	
Revaluation reserve	24	202,601		202,601	
Profit and loss reserves	25	3,846,110		3,065,097	
Total equity		<u>4,098,713</u>		<u>3,317,700</u>	

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


Bruce Hutchison – 2021-06-29, 13:02:08 UTC

B Hutchison
Director

Company Registration No. SC176095

Hutchison Technologies Limited**Statement of changes in equity****for the year ended 30 June 2020**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2018	50,002	202,601	1,932,857	2,185,460
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	1,132,240	1,132,240
Balance at 30 June 2019	50,002	202,601	3,065,097	3,317,700
Year ended 30 June 2020:				
Profit and total comprehensive income for the year	-	-	781,013	781,013
Balance at 30 June 2020	50,002	202,601	3,846,110	4,098,713

Hutchison Technologies Limited

Statement of cash flows

for the year ended 30 June 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	31	(1,986,304)		735,680	
Interest paid		(109,516)		(107,850)	
Income taxes refunded/(paid)		255,257		-	
Net cash (outflow)/inflow from operating activities		(1,840,563)		627,830	
Investing activities					
Purchase of intangible assets		(400,221)		(698,478)	
Purchase of tangible fixed assets		(667,656)		(701,292)	
Proceeds on disposal of tangible fixed assets		9,565		22,000	
Advances to directors		(110,640)		(102,640)	
Net cash used in investing activities		(1,168,952)		(1,480,410)	
Financing activities					
Proceeds of new bank loans		2,226,068		-	
Payment of finance leases obligations		(401,493)		1,529,569	
Net cash generated from financing activities		1,824,575		1,529,569	
Net (decrease)/increase in cash and cash equivalents		(1,184,940)		676,989	
Cash and cash equivalents at beginning of year		534,449		(142,540)	
Cash and cash equivalents at end of year		(650,491)		534,449	
Relating to:					
Cash at bank and in hand		991,685		2,008,377	
Bank overdrafts included in creditors payable within one year		(1,642,176)		(1,473,928)	

Hutchison Technologies Limited

Notes to the financial statements

for the year ended 30 June 2020

1 Accounting policies

Company information

Hutchison Technologies Limited is a private company limited by shares incorporated in Scotland. The registered office is Innovation Centre, 1 Harrison Road, Dundee, DD2 3SN.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.2 Going concern

As a result of the global Coronavirus pandemic and its impact on the UK economy, the company's business model and its leisure customers, the directors have continually assessed the trading outlook and financial projections of the business. In order to safeguard the future of the business during and beyond the pandemic, the directors have taken advantage of funding measures and business reliefs put in place by Government. They have also successfully diverted activity into other profitable product lines outwith the core business and secured the necessary facilities with support from the company's bankers and other funding providers. On this basis, at the time of approving the financial statements, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and as a result they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1 Accounting policies (continued)

1.5 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

On completion of the underlying development project, amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	20% straight line
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1.6 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Computers	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.8 Impairment of fixed assets

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

1 Accounting policies (continued)

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

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

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.11 Financial instruments

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

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

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

Basic financial assets

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

1 Accounting policies (continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

1 Accounting policies (continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

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

1 Accounting policies (continued)

1.19 Employee benefit trusts

The company has established trusts for the benefit of its employees, and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date the assets of the trust vest in individuals.

Where monies held in trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in trust of accrued for by the company, are charged to the profit and loss account in the period to which they relate.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock

In arriving at the valuation of stock it may be necessary for management to make an assessment over the carrying value of stock items and where applicable apply a provision to amend this carrying value to a more accurate level. These provisions are arrived at using management's knowledge and understanding of the business and the industry in which it operates and focuses on potentially obsolete or old items for which the full value may no longer be recoverable.

Accruals

Management estimate requirements for accruals using post year end information and information available from detailed budgets. This identifies costs and income that are expected to be incurred or received for goods services provided by and to other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	4,314,685	6,904,822
Rendering of services	10,439,044	3,988,684
	<u>14,753,729</u>	<u>10,893,506</u>

	2020	2019
	£	£
Other significant revenue		
Grants received	656,366	-
	<u>656,366</u>	<u>-</u>

	2020	2019
	£	£
Turnover analysed by geographical market		
UK	14,379,695	10,119,823
Overseas	374,034	773,683
	<u>14,753,729</u>	<u>10,893,506</u>

4 Exceptional item

	2020	2019
	£	£
Expenditure		
Reversal of EBT settlement accrual	-	(1,068,227)
	<u>-</u>	<u>(1,068,227)</u>

Last year, the company released a provision of £1,068,227 in respect of the settlement costs agreed with HMRC for historic Employment Benefit Trusts.

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	17,649	18,512
Government grants	(656,366)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,150	13,750
Depreciation of owned tangible fixed assets	139,414	147,881
Depreciation of tangible fixed assets held under finance leases	32,626	44,578
Profit on disposal of tangible fixed assets	(8,057)	(13,681)
Amortisation of intangible assets	168,107	129,760
Operating lease charges	40,231	58,443
	<u>17,649</u>	<u>18,512</u>

Hutchison Technologies Limited**Notes to the financial statements (continued)****for the year ended 30 June 2020****6 Employees**

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

2020	2019
Number	Number
113	114

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,198,934	2,966,048
Social security costs	282,533	263,471
Pension costs	77,119	59,263
	3,558,586	3,288,782

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	291,265	19,617

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

	2020	2019
	£	£
Remuneration for qualifying services	136,071	11,295

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	51,996	62,689
Other finance costs:		
Interest on finance leases and hire purchase contracts	57,520	41,262
Other interest	-	3,899
	109,516	107,850

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(69,832)	(117,603)
Adjustments in respect of prior periods	(31,580)	(27,242)
Total current tax	<u>(101,412)</u>	<u>(144,845)</u>
Deferred tax		
Origination and reversal of timing differences	161,213	240,308
Adjustment in respect of prior periods	67,823	(4,098)
Total deferred tax	<u>229,036</u>	<u>236,210</u>
Total tax charge	<u>127,624</u>	<u>91,365</u>

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

	2020 £	2019 £
Profit before taxation	<u>908,637</u>	<u>1,223,605</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	172,641	232,485
Tax effect of expenses that are not deductible in determining taxable profit	4,308	6,673
Adjustments in respect of prior years	(31,580)	(27,242)
Effect of change in corporation tax rate	25,667	36,497
Depreciation on assets not qualifying for tax allowances	3,978	-
Research and development tax credit	(100,921)	(126,783)
Other non-reversing timing differences	-	(55,004)
Deferred tax adjustments in respect of prior years	67,823	(4,098)
Deferred tax change in rate	-	28,837
Other timing differences	(14,292)	-
Taxation charge for the year	<u>127,624</u>	<u>91,365</u>

Hutchison Technologies Limited**Notes to the financial statements (continued)****for the year ended 30 June 2020****10 Intangible fixed assets**

	Development costs £
Cost	
At 1 July 2019	1,916,174
Additions - internally developed	400,221
	<hr/>
At 30 June 2020	2,316,395
	<hr/>
Amortisation and impairment	
At 1 July 2019	129,760
Amortisation charged for the year	168,107
	<hr/>
At 30 June 2020	297,867
	<hr/>
Carrying amount	
At 30 June 2020	2,018,528
	<hr/> <hr/>
At 30 June 2019	1,786,414
	<hr/> <hr/>

Included within intangible assets are leased assets with a net book value of £757,598 (2019 - £928,965). Amortisation charged in respect of these assets in the year amounted to £171,367 (2019 - £84,770).

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

11 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 July 2019	553,447	1,257,845	47,408	41,787	478,663	510,791	2,889,941
Additions	-	553,545	11,600	21,818	58,548	22,145	667,656
Disposals	-	-	-	-	(9,343)	(55,353)	(64,696)
Transfers	493,491	(493,491)	-	-	-	-	-
At 30 June 2020	1,046,938	1,317,899	59,008	63,605	527,868	477,583	3,492,901
Depreciation and impairment							
At 1 July 2019	11,069	-	31,579	35,871	292,400	366,684	737,603
Depreciation charged in the year	20,939	-	6,619	3,207	76,333	64,942	172,040
Eliminated in respect of disposals	-	-	-	-	(9,085)	(54,103)	(63,188)
At 30 June 2020	32,008	-	38,198	39,078	359,648	377,523	846,455
Carrying amount							
At 30 June 2020	1,014,930	1,317,899	20,810	24,527	168,220	100,060	2,646,446
At 30 June 2019	542,378	1,257,845	15,829	5,916	186,263	144,107	2,152,338

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

11 Tangible fixed assets (continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Motor vehicles	<u>49,554</u>	<u>101,102</u>

Land and buildings were revalued at October 2001 by D.M.Hall Chartered Surveyors. The directors consider that there have been no significant changes at 30 June 2020.

If revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	409,863	409,863
Accumulated depreciation	<u>(16,394)</u>	<u>(8,197)</u>
Carrying value	<u>393,469</u>	<u>401,666</u>

12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in associates	13	40,660	40,660
Unlisted investments		<u>6</u>	<u>6</u>
		<u>40,666</u>	<u>40,666</u>

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

12 Fixed asset investments (continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 July 2019 & 30 June 2020	40,660	6	40,666
Carrying amount			
At 30 June 2020	40,660	6	40,666
At 30 June 2019	40,660	6	40,666

13 Associates

Details of the company's associates at 30 June 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Fitbox Virtual Limited	Scotland	Ordinary	40

14 Stocks

	2020 £	2019 £
Work in progress	59,168	-
Finished goods and goods for resale	1,331,692	1,856,291
	1,390,860	1,856,291

15 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,534,127	1,249,748
Corporation tax recoverable	206,950	360,795
Amounts owed by undertakings in which the company has a participating interest	662,219	228,252
Other debtors	4,449,569	25,125
Prepayments and accrued income	60,649	119,864
	7,913,514	1,983,784

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

16 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	2,884,911	1,473,928
Obligations under finance leases	19	348,455	364,753
Trade creditors		3,687,998	1,256,849
Amounts owed to undertakings in which the company has a participating interest		254,392	219,630
Taxation and social security		1,002,012	610,184
Deferred income	21	180,592	595,017
Other creditors		121,481	398,219
Accruals and deferred income		195,137	190,756
		<u>8,674,978</u>	<u>5,109,336</u>

17 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	983,333	-
Obligations under finance leases	19	881,545	1,266,740
		<u>1,864,878</u>	<u>1,266,740</u>

18 Loans and overdrafts

	2020 £	2019 £
Bank loans	2,226,068	-
Bank overdrafts	1,642,176	1,473,928
	<u>3,868,244</u>	<u>1,473,928</u>
Payable within one year	2,884,911	1,473,928
Payable after one year	983,333	-

The bank overdraft is secured by a bond and floating charge over the assets of the company, together with a standard security over the property at 1 Harrison Road, Dundee, DD2 3SN, in favour of The Royal Bank of Scotland plc.

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

18 Loans and overdrafts (continued)

Bank loans includes three loans:

Bank loan 1 amounting to £1,000,000 was drawn during the year and is repayable in monthly instalments, attracts interest at 4.0% above bank base rate and is due to be repaid by May 2026. At the year end £1,000,000 (2019 - £Nil) was due to be repaid.

Bank loan 2 amounting to £515,000 was drawn during the year and is repayable by one instalment, attracts interest at 2.0% above bank base rate and is due to be repaid by August 2020. At the year end £515,000 (2019 - £Nil) was due to be repaid.

Bank loan 3 amounting to £700,000 was drawn during the year and is repayable by one instalment, attracts interest at 2.0% above bank base rate and is due to be repaid by August 2020. At the year end £700,000 (2019 - £Nil) was due to be repaid.

19 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	348,455	364,753
In two to five years	881,545	1,266,740
	<u>1,230,000</u>	<u>1,631,493</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and intellectual property. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020	Liabilities 2019
Balances:	£	£
Accelerated capital allowances	404,493	250,322
Tax losses	(33,000)	(29,526)
Provisions	(8,363)	(86,702)
	<u>363,130</u>	<u>134,094</u>

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

20 Deferred taxation (continued)

	2020 £
Movements in the year:	
Liability at 1 July 2019	134,094
Charge to profit or loss	229,036
Liability at 30 June 2020	<u>363,130</u>

21 Deferred income

	2020 £	2019 £
Arising from government grants	103,311	103,311
Other deferred income	77,281	491,706
	<u>180,592</u>	<u>595,017</u>

A grant of £50,000 was received in 2018 and a further grant of £35,000 was received in 2019 for development of a new headquarters at Luna Place. This will be released in line with depreciation on the premises once it has been completed and is in use.

A grant of £18,311 was received in 2019 for development of a new Enterprise Resource Planning system. This will be released in line with amortisation on the intangible asset once it has been completed and is in use.

22 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>77,119</u>	<u>59,263</u>

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

23 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>50,002</u>	<u>50,002</u>	<u>50,002</u>	<u>50,002</u>

Each ordinary share carries one vote and ranks equally with all other shares.

Hutchison Technologies Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

24 Revaluation reserve

This reserve represents the value at which the land and buildings assets are held after revaluation over the cost of the assets.

25 Profit and loss reserves

This reserve records the retained earnings and accumulated losses.

26 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	58,216	56,109
Between two and five years	30,005	64,429
	<u>88,221</u>	<u>120,538</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>95,650</u>	<u>-</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>291,265</u>	<u>19,617</u>

Hutchison Technologies Limited**Notes to the financial statements (continued)****for the year ended 30 June 2020****28 Related party transactions (continued)****Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	-	92,892	208,857	75,000
Other related parties	<u>1,571,831</u>	<u>108,014</u>	<u>-</u>	<u>169,492</u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Entities over which the entity has control, joint control or significant influence	39,141	43,471
Other related parties	<u>215,251</u>	<u>176,159</u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	301,905	91,800
Other related parties	<u>374,876</u>	<u>136,453</u>

Hutchison Technologies Limited**Notes to the financial statements (continued)****for the year ended 30 June 2020****29 Directors' transactions**

Dividends totalling £0 (2019 - £0) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Director's loan 2	-	42,481	49,787	92,268
Director's loan 1	-	(61,999)	60,853	(1,146)
		<u>(19,518)</u>	<u>110,640</u>	<u>91,122</u>

30 Ultimate controlling party

The company is controlled by B. Hutchison, a director of the company.

31 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Profit for the year after tax	781,013	1,132,240
Adjustments for:		
Taxation charged	127,624	91,365
Finance costs	109,516	107,850
Gain on disposal of tangible fixed assets	(8,057)	(13,681)
Amortisation and impairment of intangible assets	168,107	129,760
Depreciation and impairment of tangible fixed assets	172,040	192,459
Movements in working capital:		
Decrease/(increase) in stocks	465,431	(1,267,951)
(Increase)/decrease in debtors	(5,992,453)	664,639
Increase/(decrease) in creditors	2,604,900	(174,819)
Decrease in deferred income	(414,425)	(126,182)
Cash (absorbed by)/generated from operations	<u>(1,986,304)</u>	<u>735,680</u>

Hutchison Technologies Limited**Notes to the financial statements (continued)****for the year ended 30 June 2020****32 Analysis of changes in net debt**

	1 July 2019	Cash flows 30 June 2020	
	£	£	£
Cash at bank and in hand	2,008,377	(1,016,692)	991,685
Bank overdrafts	(1,473,928)	(168,248)	(1,642,176)
	534,449	(1,184,940)	(650,491)
Borrowings excluding overdrafts	-	(2,226,068)	(2,226,068)
Obligations under finance leases	(1,631,493)	401,493	(1,230,000)
	(1,097,044)	(3,009,515)	(4,106,559)