

REGISTERED NUMBER: 00383732 (England and Wales)

Report of the Directors and
Financial Statements
for the Year Ended 31 March 2020
for
MagDev Limited

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for the Year Ended 31 March 2020

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MagDev Limited

Company Information
for the Year Ended 31 March 2020

DIRECTORS:

Mrs Y P Mills
J Tapia
J Mody
R H Shroff

REGISTERED OFFICE:

Unit 23
Ash Industrial Estate
Kembrey Park
Swindon
SN2 8UN

REGISTERED NUMBER:

00383732 (England and Wales)

**Report of the Directors
for the Year Ended 31 March 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mrs Y P Mills
J Tapia
J Mody
R H Shroff

COMMENTARY ON CORONAVIRUS

While the current coronavirus will have a short term impact the company is taking all measures to reduce the risk whilst following government guidelines. Reducing the number of the staff at the facility by encouraging remote working the company has continued to operate safely during this period and thus continuing to meet and support the demands of its customers.

MagDev Ltd Ltd has three main areas of focus during these times,

- The health and wellbeing of all our employees and their families
- Continued support to customers, some of our customers are operating as UK critical services and no matter how deep the crisis will need our support in order to stay operational.
- Optimising costs as a business and part of a larger group. Our proactive approach in reducing overheads will allow the retention of as many employment opportunities as possible.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mrs Y P Mills - Director

Date: 26th June 2020

**Report of the Independent Auditors to the Members of
MagDev Limited**

Opinion

We have audited the financial statements of MagDev Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Statement of Financial Position, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 Report of the Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Report of the Independent Auditors to the Members of
MagDev Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



David Black (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 20 July 2020

Statement of Comprehensive Income
for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER	4	3,239,375	3,003,867
Cost of sales		2,258,949	1,927,039
GROSS PROFIT		980,426	1,076,828
Administrative expenses		826,032	892,752
		154,394	184,076
Other operating income		12,000	8,290
OPERATING PROFIT		166,394	192,366
Interest payable and similar expenses	6	28,212	31,711
PROFIT BEFORE TAXATION	7	138,182	160,655
Tax on profit	8	17,585	32,349
PROFIT FOR THE FINANCIAL YEAR		120,597	128,306
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		120,597	128,306

Statement of Financial Position
31 March 2020

	Notes	2020	2019
		£	£
FIXED ASSETS			
Owned			
Tangible assets	9	818,102	825,728
Right-of-use			
Tangible assets	9, 15	46,789	24,532
Investments	10	665,508	665,508
		<u>1,530,399</u>	<u>1,515,768</u>
CURRENT ASSETS			
Stocks		597,982	484,068
Debtors	11	1,127,674	950,353
Cash at bank and in hand		91,245	182,986
		<u>1,816,901</u>	<u>1,617,407</u>
CREDITORS			
Amounts falling due within one year	12	1,126,930	611,166
NET CURRENT ASSETS		<u>689,971</u>	<u>1,006,241</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,220,370</u>	<u>2,522,009</u>
CREDITORS			
Amounts falling due after more than one year	13	(63,434)	(491,125)
PROVISIONS FOR LIABILITIES	17	(11,360)	(5,905)
NET ASSETS		<u><u>2,145,576</u></u>	<u><u>2,024,979</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	765,000	765,000
Capital redemption reserve		3,284,000	3,284,000
Retained earnings	19	(1,903,424)	(2,024,021)
SHAREHOLDERS' FUNDS		<u><u>2,145,576</u></u>	<u><u>2,024,979</u></u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 26th June 2020 and were signed on its behalf by:

Yvonne Mills

Mrs Y P Mills - Director

MagDev Limited (Registered number: 00383732)

**Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 April 2018	765,000	(2,152,327)	3,284,000	1,896,673
Changes in equity				
Total comprehensive income	-	128,306	-	128,306
Balance at 31 March 2019	<u>765,000</u>	<u>(2,024,021)</u>	<u>3,284,000</u>	<u>2,024,979</u>
Changes in equity				
Total comprehensive income	-	120,597	-	120,597
Balance at 31 March 2020	<u><u>765,000</u></u>	<u><u>(1,903,424)</u></u>	<u><u>3,284,000</u></u>	<u><u>2,145,576</u></u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2020

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year the accounts have been prepared under FRS101 and all policies set out below have been consistently applied to all the years presented. Details of the transition to FRS101 are disclosed at the end of the accounts.

The financial statements contain information about Magdev Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as the group is considered small.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Turnover

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must be met before revenue of goods is recognised:

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Land	-	Not depreciated
Freehold property	-	2% per annum straight line
Plant & Machinery	-	between 33% and 10% per annum straight line
Right-of-Use assets	-	over the life of the lease

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended by management.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised in the income statement.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivables and payables, loans from banks and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivables and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

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

Stocks

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. **ACCOUNTING POLICIES - continued**

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

Foreign currencies

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

Leases

Leases are recognised as right-of-use assets. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful economic lives of property, plant and equipment

The annual depreciation charge for freehold property and property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment and note 1 for the useful economic lives for each class of assets.

As indicated in note 1 the estimated useful lives of items of property, plant and equipment range between 3-50 years. However, the actual useful lives might be shorter or longer depending on technological innovations and other factors.

Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

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

	2020 £	2019 £
Magnet components	2,608,775	2,352,867
Assembly	630,600	651,000
	<u>3,239,375</u>	<u>3,003,867</u>

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	2,242,098	2,173,873
Europe	351,569	408,537
Rest of world	645,708	421,457
	<u>3,239,375</u>	<u>3,003,867</u>

5. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	581,543	574,931
Social security costs	62,866	54,252
Other pension costs	35,481	28,146
	<u>679,890</u>	<u>657,329</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

5. EMPLOYEES AND DIRECTORS - continued

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

	2020	2019
Production	9	10
Sales	9	8
Admin	4	4
	<u>22</u>	<u>22</u>

	2020 £	2019 £
Directors' remuneration	<u>81,969</u>	<u>80,546</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank loan interest	18,389	19,419
Loan	7,669	11,154
Leasing	2,154	1,138
	<u>28,212</u>	<u>31,711</u>

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2020 £	2019 £
Cost of inventories recognised as expense	2,258,949	1,927,039
Leases	2,209	2,022
Depreciation - owned assets	21,609	27,104
Depreciation - assets on finance leases	20,781	18,801
Auditors' remuneration	11,444	10,155
Auditors' remuneration for non audit work	6,556	7,845
Foreign exchange differences	(14,920)	16,829
	<u>2,325,628</u>	<u>2,030,795</u>

8. TAXATION

Analysis of tax expense

	2020 £	2019 £
Current tax: Tax	12,130	25,890
Deferred tax	<u>5,455</u>	<u>6,459</u>
Total tax expense in statement of comprehensive income	<u>17,585</u>	<u>32,349</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

8. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is lower (2019 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before income tax	<u>138,182</u>	<u>160,655</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	26,255	30,524
Effects of:		
Expenses not allowable	122	12,899
Depreciation in excess of capital allowances	(3,342)	(17,533)
Timing differences	5,455	6,459
Group losses utilised	<u>(10,905)</u>	<u>-</u>
Tax expense	<u>17,585</u>	<u>32,349</u>

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and sustained at 19% effective from 1 April 2019) have been substantively enacted. The deferred tax liability at 31 December 2019 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 April 2019	833,643	469,148	1,302,791
Additions	-	59,135	59,135
Disposals	-	(52,270)	(52,270)
At 31 March 2020	<u>833,643</u>	<u>476,013</u>	<u>1,309,656</u>
DEPRECIATION			
At 1 April 2019	61,189	391,342	452,531
Charge for year	7,649	34,741	42,390
Eliminated on disposal	-	(50,156)	(50,156)
At 31 March 2020	<u>68,838</u>	<u>375,927</u>	<u>444,765</u>
NET BOOK VALUE			
At 31 March 2020	<u>764,805</u>	<u>100,086</u>	<u>864,891</u>
At 31 March 2019	<u>772,454</u>	<u>77,806</u>	<u>850,260</u>

Included in cost of land and buildings is freehold land of £364,000 (2019 - £364,000) which is not depreciated.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

10. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2019 and 31 March 2020	665,508
NET BOOK VALUE	
At 31 March 2020	665,508
At 31 March 2019	665,508

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Pilamec Limited

Registered office: Unit 23 Ash Industrial Estate, Kembrey Park, Swindon, England, SN2 8UN

Nature of business: Non-Ferros metal production

Class of shares:	%		
Ordinary	holding 100.00	2020	2019
		£	£
Aggregate capital and reserves		429,111	486,399
(Loss)/profit for the year		(57,288)	9,560

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	702,530	579,209
Amounts owed by group undertakings	364,185	299,827
Other debtors	60,959	71,317
	<u>1,127,674</u>	<u>950,353</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 14)	379,306	49,118
Leases (see note 14)	20,856	14,036
Trade creditors	531,367	333,587
Amounts owed to group undertakings	75,252	71,590
Tax	12,230	26,281
Social security and other taxes	68,618	66,270
Other creditors	3,255	14,006
Accruals and deferred income	36,046	36,298
	<u>1,126,930</u>	<u>611,166</u>

Loans from group undertakings represents a loan payable to the company's subsidiary, Pilamec Limited. Interest is charged at 5% and loan is repayable on a monthly basis until 15 September 2021.

The bank loan is secured by a fixed charge on the land & buildings and a floating charges over the cash at bank of the company.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2020	2019
	£	£
Bank loans (see note 14)	-	366,959
Leases (see note 14)	24,375	9,855
Amounts owed to group undertakings	39,059	114,311
	<u>63,434</u>	<u>491,125</u>

14. FINANCIAL LIABILITIES - BORROWINGS	2020	2019
	£	£
Current:		
Bank loans	379,306	49,118
Leases (see note 15)	20,856	14,036
	<u>400,162</u>	<u>63,154</u>
Non-current:		
Bank loans - 1-2 years	-	366,959
Leases (see note 15)	24,375	9,855
	<u>24,375</u>	<u>376,814</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank loans	379,306	-	-	379,306
Leases	20,856	17,035	7,340	45,231
	<u>400,162</u>	<u>17,035</u>	<u>7,340</u>	<u>424,537</u>

15. LEASING		
Right-of-use assets		
Tangible fixed assets		
	2020	2019
	£	£
COST		
At 1 April 2019	63,871	48,938
Additions	43,038	14,933
Disposals	(38,840)	-
	<u>68,069</u>	<u>63,871</u>
DEPRECIATION		
At 1 April 2019	39,339	20,538
Charge for year	20,781	18,801
Eliminated on disposal	(38,840)	-
	<u>21,280</u>	<u>39,339</u>
NET BOOK VALUE	<u>46,789</u>	<u>24,532</u>

The total cash outflow for leases in 2020 was £23,853 (2019: £19,147).

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

15. **LEASING - continued**

Other leases

	2020	2019
	£	£
Low-value assets leases	<u>2,209</u>	<u>2,022</u>

Lease liabilities

Minimum lease payments fall due as follows:

	2020	2019
	£	£
Gross obligations repayable:		
Within one year	20,856	14,036
Between one and five years	24,375	9,855
	<u>45,231</u>	<u>23,891</u>

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	<u>379,306</u>	<u>416,077</u>

The bank loan is secured against the company's freehold property.

17. **PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax	<u>11,360</u>	<u>5,905</u>
		Deferred tax
		£
Balance at 1 April 2019		5,905
Timing		<u>5,455</u>
Balance at 31 March 2020		<u>11,360</u>

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
762,500	Ordinary	1	762,500	762,500
2,500	Deferred	1	<u>2,500</u>	<u>2,500</u>
			<u>765,000</u>	<u>765,000</u>

The holders of Ordinary shares are entitled to receive dividends as declared from time to time. All Ordinary shares are entitled to one vote per share at meetings of the company. All Ordinary shares rank equally with regard to the company's residual asset and do not confer any rights of redemption.

The holders of deferred shares have no voting or dividend rights attached to them nor do they confer any rights of redemption. All deferred shares rank below the holders of Ordinary shares in the order of payouts in terms of residual asset.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

19. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 April 2019	(2,024,021)	3,284,000	1,259,979
Profit for the year	120,597		120,597
At 31 March 2020	<u>(1,903,424)</u>	<u>3,284,000</u>	<u>1,380,576</u>

20. PENSION COMMITMENTS

The company participates in a defined contribution pension scheme for the benefit of directors and employees. The scheme is set up under trust and its assets are therefore independent of those of the company.

The total contributions charged by the company in respect of the year ended 31 March 2020 were £41,219 (2019 - £28,146). Outstanding pension contributions at the balance sheet date totalled £Nil (2019 - £Nil).

21. ULTIMATE CONTROLLING PARTY

The company is controlled by Delta Manufacturing Limited, B-87 Ambad Industrial Area, Ambad, Nashik, Maharashtra, India, 422010, a company registered in India, by virtue of its 100% interest in the whole of the issued share capital of the company.

The smallest and the largest group in which the results of the company are consolidated is that headed by Delta Manufacturing Limited.

22. FIRST YEAR ADOPTION

The accounts for the year ended 31 March 2019 were prepared under FRS102 Section 1A. The current year have been prepared under FRS101 and the date of transition was 1 April 2018.

The comparatives have been updated to adopt IFRS 16 'Leases'. Under FRS102 Section 1A leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Under IFRS 16 these leases are recognised as right-of-use assets and capitalised, a corresponding liability is also recognised at the date at which the leased asset is available for use by the company. Assets and liabilities are initially measured on a present value basis and lease payments are discounted using the lessee's incremental borrowing rate for similar items here this is 5%. The impact of this can be seen below.

There were no other changes to the accounts on transition to FRS101.

MagDev Limited (Registered number: 00383732)

Reconciliation of Equity
1 April 2018
(Date of Transition to FRS 101)

	FRS 102 £	Effect of transition to FRS 101 £	FRS 101 £
FIXED ASSETS			
Tangible assets	835,539	28,400	863,939
Investments	665,508	-	665,508
	<u>1,501,047</u>	<u>28,400</u>	<u>1,529,447</u>
CURRENT ASSETS			
Stocks	435,143	-	435,143
Debtors	759,180	31,449	790,629
Prepayments and accrued income	31,449	(31,449)	-
Cash at bank and in hand	223,967	-	223,967
	<u>1,449,739</u>	<u>-</u>	<u>1,449,739</u>
CREDITORS			
Amounts falling due within one year	(428,390)	(54,528)	(482,918)
NET CURRENT ASSETS	<u>1,021,349</u>	<u>(54,528)</u>	<u>966,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,522,396	(26,128)	2,496,268
CREDITORS			
Amounts falling due after more than one year	(588,575)	(11,021)	(599,596)
ACCRUALS AND DEFERRED INCOME	<u>(38,581)</u>	<u>38,581</u>	<u>-</u>
NET ASSETS	<u>1,895,240</u>	<u>1,432</u>	<u>1,896,672</u>
CAPITAL AND RESERVES			
Called up share capital	765,000	-	765,000
Capital redemption reserve	3,284,000	-	3,284,000
Retained earnings	(2,153,760)	1,432	(2,152,328)
SHAREHOLDERS' FUNDS	<u>1,895,240</u>	<u>1,432</u>	<u>1,896,672</u>

The notes form part of these financial statements

Reconciliation of Equity - continued
31 March 2019

	FRS 102 £	Effect of transition to FRS 101 £	FRS 101 £
FIXED ASSETS			
Tangible assets	825,728	24,532	850,260
Investments	665,508	-	665,508
	<u>1,491,236</u>	<u>24,532</u>	<u>1,515,768</u>
CURRENT ASSETS			
Stocks	484,068	-	484,068
Debtors	879,036	71,317	950,353
Prepayments and accrued income	71,317	(71,317)	-
Cash at bank and in hand	182,986	-	182,986
	<u>1,617,407</u>	<u>-</u>	<u>1,617,407</u>
CREDITORS			
Amounts falling due within one year	(560,831)	(50,335)	(611,166)
NET CURRENT ASSETS	<u>1,056,576</u>	<u>(50,335)</u>	<u>1,006,241</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,547,812	(25,803)	2,522,009
CREDITORS			
Amounts falling due after more than one year	(481,270)	(9,855)	(491,125)
PROVISIONS FOR LIABILITIES	(5,905)	-	(5,905)
ACCRUALS AND DEFERRED INCOME	<u>(36,298)</u>	<u>36,298</u>	<u>-</u>
NET ASSETS	<u>2,024,339</u>	<u>640</u>	<u>2,024,979</u>
CAPITAL AND RESERVES			
Called up share capital	765,000	-	765,000
Capital redemption reserve	3,284,000	-	3,284,000
Retained earnings	(2,024,661)	640	(2,024,021)
SHAREHOLDERS' FUNDS	<u>2,024,339</u>	<u>640</u>	<u>2,024,979</u>

MagDev Limited (Registered number: 00383732)

**Reconciliation of Profit
for the Year Ended 31 March 2019**

	FRS 102	Effect of	FRS 101
	£	transition	£
		to FRS 101	
		£	
TURNOVER	3,003,867	-	3,003,867
Cost of sales	(1,927,039)	-	(1,927,039)
GROSS PROFIT	1,076,828	-	1,076,828
Administrative expenses	(893,097)	345	(892,752)
Other operating income	8,290	-	8,290
OPERATING PROFIT	192,021	345	192,366
Interest payable and similar expenses	(30,573)	(1,138)	(31,711)
PROFIT BEFORE TAXATION	161,448	(793)	160,655
Tax on profit	(32,349)	-	(32,349)
PROFIT FOR THE FINANCIAL YEAR	129,099	(793)	128,306

The notes form part of these financial statements

REGISTERED NUMBER: 01258472 (England and Wales)

Report of the Director and
Financial Statements
for the Year Ended 31 March 2020
for
Pilamec Limited

Pilamec Limited (Registered number: 01258472)

Contents of the Financial Statements
for the Year Ended 31 March 2020

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Pilamec Limited

Company Information
for the Year Ended 31 March 2020

DIRECTOR: Mrs Y P Mills

REGISTERED OFFICE: Unit 23 Ash Industrial Estate
Kembrey Park
Swindon
Wiltshire
SN2 8UN

REGISTERED NUMBER: 01258472 (England and Wales)

Pilamec Limited (Registered number: 01258472)

**Report of the Director
for the Year Ended 31 March 2020**

The director presents her report with the financial statements of the company for the year ended 31 March 2020.

DIRECTOR

Mrs Y P Mills held office during the whole of the period from 1 April 2019 to the date of this report.

COMMENTARY ON CORONAVIRUS

While the current coronavirus will have a short term impact the company has taken all measures to reduce the risk whilst following government guidelines. To ensure this the factory was closed for a three week period when an employee developed coronavirus like symptoms to ensure the safety of all staff and customers. Upon re-opening the facility we have reduced the number of staff and by encouraging remote working the company has continued to operate safely during this period and thus continuing to meet and support the demands of its customers.

Pilamec Ltd Ltd has three main areas of focus during these times,

- The health and wellbeing of all our employees and their families
- Continued support to customers, some of our customers are operating as UK critical services and no matter how deep the crisis will need our support in order to stay operational.
- Optimising costs as a business and part of a larger group. Our proactive approach in reducing overheads will allow the retention of as many employment opportunities as possible.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

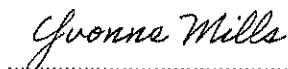
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information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

AUDITORS

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mrs Y P Mills - Director

Date: 26th June 2020

**Report of the Independent Auditors to the Members of
Pilamec Limited**

Opinion

We have audited the financial statements of Pilamec Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Balance Sheet, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has 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 Report of the Director.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

**Report of the Independent Auditors to the Members of
Pilamec Limited**

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



David Black (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 20 July 2020

Pilamec Limited (Registered number: 01258472)

Statement of Comprehensive Income
for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER	4	466,122	506,695
Cost of sales		<u>358,077</u>	<u>375,204</u>
GROSS PROFIT		108,045	131,491
Administrative expenses		<u>162,220</u>	<u>123,281</u>
OPERATING (LOSS)/PROFIT		(54,175)	8,210
Interest receivable and similar income		<u>7,866</u>	<u>11,238</u>
		(46,309)	19,448
Interest payable and similar expenses	6	<u>6,976</u>	<u>7,837</u>
(LOSS)/PROFIT BEFORE TAXATION	7	(53,285)	11,611
Tax on (loss)/profit	8	<u>4,003</u>	<u>2,051</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(57,288)	9,560
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(57,288)</u>	<u>9,560</u>

The notes form part of these financial statements

Pilamec Limited (Registered number: 01258472)

Balance Sheet
31 March 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Owned					
Tangible assets	9		78,428		73,424
Right-of-use					
Tangible assets	9, 14		135,744		139,666
			<u>214,172</u>		<u>213,090</u>
CURRENT ASSETS					
Stocks		58,199		82,492	
Debtors	10	262,115		327,184	
Cash at bank and in hand		170,733		117,616	
		<u>491,047</u>		<u>527,292</u>	
CREDITORS					
Amounts falling due within one year	11	141,499		113,597	
NET CURRENT ASSETS			<u>349,548</u>		<u>413,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			563,720		626,785
CREDITORS					
Amounts falling due after more than one year	12		(119,545)		(129,325)
PROVISIONS FOR LIABILITIES	15		(15,064)		(11,061)
NET ASSETS			<u>429,111</u>		<u>486,399</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,200		1,200
Share premium			10,341		10,341
Retained earnings	17		417,570		474,858
SHAREHOLDERS' FUNDS			<u>429,111</u>		<u>486,399</u>

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

The financial statements were approved by the director and authorised for issue on 26th June 2020 and were signed by:


.....
Mrs Y P Mills - Director

The notes form part of these financial statements

Pilamec Limited (Registered number: 01258472)

Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2018	1,200	465,298	10,341	476,839
Changes in equity				
Total comprehensive income	-	9,560	-	9,560
Balance at 31 March 2019	<u>1,200</u>	<u>474,858</u>	<u>10,341</u>	<u>486,399</u>
Changes in equity				
Total comprehensive income	-	(57,288)	-	(57,288)
Balance at 31 March 2020	<u>1,200</u>	<u>417,570</u>	<u>10,341</u>	<u>429,111</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2020

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year the accounts have been prepared under FRS101 and all policies set out below have been consistently applied to all the years presented. Details of the transition to FRS101 are disclosed at the end of the accounts.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern

TBC

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Turnover

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must be met before revenue of goods is recognised:

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Improvement to property	-	2.5% straight line
Plant & machinery	-	15% to 25% straight line
Motor Vehicles	-	25% straight line
Fixtures and fittings	-	15% straight line
Office Equipment	-	33% straight line
Right-of-Use asset	-	Over the life of the lease

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended by management.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised in the income statement.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivables and payables, loans from banks and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivables and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

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

Stocks

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Foreign currencies

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

Leases

Leases are recognised as right-of-use assets. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful economic lives of property, plant and equipment

The annual depreciation charge for freehold property and property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment and note 1 for the useful economic lives for each class of assets.

As indicated in note 1 the estimated useful lives of items of property, plant and equipment range between 3-50 years. However, the actual useful lives might be shorter or longer depending on technological innovations and other factors.

Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

4. TURNOVER

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

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

	2020	2019
	£	£
Processing	421,197	506,695
Trade	44,925	-
	<u>466,122</u>	<u>506,695</u>

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	466,122	506,695
	<u>466,122</u>	<u>506,695</u>

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	101,308	95,275
Social security costs	8,921	10,450
Other pension costs	3,216	1,767
	<u>113,445</u>	<u>107,492</u>

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

	2020	2019
Production	3	3
Sales & Admin	3	2
	<u>6</u>	<u>5</u>
	2020	2019
	£	£
Director's remuneration	-	-
	<u>-</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Leasing	6,976	7,837
	<u>6,976</u>	<u>7,837</u>

7. (LOSS)/PROFIT BEFORE TAXATION

The loss before taxation (2019 - profit before taxation) is stated after charging:

	2020	2019
	£	£
Cost of inventories recognised as expense	358,077	375,204
Leases	3,215	3,125
Depreciation - owned assets	10,145	13,066
Depreciation - assets on finance leases	22,314	19,706
Auditors' remuneration	5,000	1,256
Foreign exchange differences	633	51
	<u>399,384</u>	<u>407,352</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

8. TAXATION

Analysis of tax expense

	2020 £	2019 £
Current tax: Tax	-	4,871
Deferred tax	<u>4,003</u>	<u>(2,820)</u>
Total tax expense in statement of comprehensive income	<u><u>4,003</u></u>	<u><u>2,051</u></u>

Factors affecting the tax expense

The tax assessed for the year is higher (2019 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
(Loss)/profit before income tax	<u>(53,285)</u>	<u>11,611</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(10,124)	2,206
Effects of:		
Expenses not allowable	(1,325)	43
Depreciation in excess of capital allowances	(951)	1,608
Timing differences	4,003	(1,806)
Losses used	1,495	-
Losses surrendered to group	<u>10,905</u>	<u>-</u>
Tax expense	<u><u>4,003</u></u>	<u><u>2,051</u></u>

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and sustained at 19% effective from 1 April 2019) have been substantively enacted. The deferred tax liability at 31 December 2019 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Improvements to property £	Plant and machinery £
COST			
At 1 April 2019	197,163	25,854	171,814
Additions	-	-	13,035
At 31 March 2020	<u>197,163</u>	<u>25,854</u>	<u>184,849</u>
DEPRECIATION			
At 1 April 2019	57,497	646	124,897
Charge for year	19,760	647	8,886
At 31 March 2020	<u>77,257</u>	<u>1,293</u>	<u>133,783</u>
NET BOOK VALUE			
At 31 March 2020	<u><u>119,906</u></u>	<u><u>24,561</u></u>	<u><u>51,066</u></u>
At 31 March 2019	<u><u>139,666</u></u>	<u><u>25,208</u></u>	<u><u>46,917</u></u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

9. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Totals £
COST				
At 1 April 2019	11,209	11,021	6,022	423,083
Additions	-	18,392	2,114	33,541
At 31 March 2020	11,209	29,413	8,136	456,624
DEPRECIATION				
At 1 April 2019	10,123	11,021	5,809	209,993
Charge for year	163	2,554	449	32,459
At 31 March 2020	10,286	13,575	6,258	242,452
NET BOOK VALUE				
At 31 March 2020	923	15,838	1,878	214,172
At 31 March 2019	1,086	-	213	213,090

10. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	131,281	137,249
Amounts owed by group undertakings	75,252	71,590
Other debtors	16,524	4,034
	223,057	212,873
Amounts falling due after more than one year:		
Amounts owed by group undertakings	39,058	114,311
Aggregate amounts	262,115	327,184

Amounts owed by group undertakings represents a loan receivable from Magdev Limited. Interest is charged at 5% and loan is repayable on a monthly basis until 15 September 2021.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Leases (see note 13)	24,739	18,019
Trade creditors	85,708	54,105
Amounts owed to group undertakings	3,650	3,650
Tax	-	4,341
Social security and other taxes	20,530	28,626
Other creditors	857	-
Accruals and deferred income	6,015	4,856
	141,499	113,597

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

	2020 £	2019 £
Leases (see note 13)	119,545	129,325

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

13. FINANCIAL LIABILITIES - BORROWINGS

	2020 £	2019 £
Current:		
Leases (see note 14)	<u>24,739</u>	<u>18,019</u>
Non-current:		
Leases (see note 14)	<u>119,545</u>	<u>129,325</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Leases	<u>24,739</u>	<u>25,998</u>	<u>69,217</u>	<u>24,330</u>	<u>144,284</u>

14. LEASING

Right-of-use assets

Tangible fixed assets

	2020 £	2019 £
COST		
At 1 April 2019	197,163	197,163
Additions	18,392	-
	<u>215,555</u>	<u>197,163</u>
DEPRECIATION		
At 1 April 2019	57,497	37,791
Charge for year	22,314	19,706
	<u>79,811</u>	<u>57,497</u>
NET BOOK VALUE	<u>135,744</u>	<u>139,666</u>

Other leases

	2020 £	2019 £
Variable payment leases	<u>3,215</u>	<u>3,125</u>

The total cash outflow for leases in 2020 was £29,141 (2019: £24,996).

Lease liabilities

Minimum lease payments fall due as follows:

	2020 £	2019 £
Gross obligations repayable:		
Within one year	24,739	18,019
Between one and five years	95,215	81,848
In more than five years	24,330	47,477
	<u>144,284</u>	<u>147,344</u>

Pilamec Limited (Registered number: 01258472)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

15. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax	<u>15,064</u>	<u>11,061</u>
		Deferred tax £
Balance at 1 April 2019		11,061
Timing differences		<u>4,003</u>
Balance at 31 March 2020		<u>15,064</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
1,200	Ordinary	1	<u>1,200</u>	<u>1,200</u>

The holders of Ordinary shares are entitled to receive dividends as declared from time to time. All Ordinary shares are entitled to one vote per share at meetings of the company. All Ordinary shares rank equally with regard to the company's residual asset and do not confer any rights of redemption.

17. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2019	474,858	10,341	485,199
Deficit for the year	<u>(57,288)</u>		<u>(57,288)</u>
At 31 March 2020	<u>417,570</u>	<u>10,341</u>	<u>427,911</u>

18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £1,767 (2018 - £1,122). Outstanding pension contributions at the balance sheet date totalled £450 (2018 - £225).

19. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is MagDev Limited, Unit 23, Ash Industrial Estate, Kembery Park, Swindon, SN2 8UN, a company incorporated in England and Wales.

The company's ultimate controlling party is Delta Manufacturing Limited, B-87 Ambad Industrial Area, Ambad, Nashik, Maharashtra, India, 422010, a company registered in India.

The largest and smallest group in which the results of the company are consolidated is that headed by Delta Manufacturing Limited.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

20. **FIRST YEAR ADOPTION**

The accounts for the year ended 31 March 2019 were prepared under FRS102 Section 1A. The current year has been prepared under FRS101 and the date of transition was 1 April 2018.

The comparatives have been updated to adopt IFRS 16 'Leases'. Under FRS102 Section 1A leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Under IFRS 16 these leases are recognised as right-of-use assets and capitalised, a corresponding liability is also recognised at the date at which the leased asset is available for use by the company. Assets and liabilities are initially measured on a present value basis and lease payments are discounted using the lessee's incremental borrowing rate for similar items here this is 5%.

The impact of this can be seen below.

There were no other changes to the accounts on transition to FRS101.

Pilamec Limited (Registered number: 01258472)

Reconciliation of Equity
1 April 2018
(Date of Transition to FRS 101)

	FRS 102	Effect of	FRS 101
	£	transition	£
		to FRS 101	
		£	
FIXED ASSETS			
Tangible assets	83,385	159,372	242,757
CURRENT ASSETS			
Stocks	35,236	-	35,236
Debtors	337,036	4,144	341,180
Prepayments and accrued income	4,144	(4,144)	-
Cash at bank	130,010	-	130,010
	<u>506,426</u>	<u>-</u>	<u>506,426</u>
CREDITORS			
Amounts falling due within one year	(86,546)	(24,573)	(111,119)
NET CURRENT ASSETS	<u>419,880</u>	<u>(24,573)</u>	<u>395,307</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	503,265	134,799	638,064
CREDITORS			
Amounts falling due after more than one year	-	(147,344)	(147,344)
PROVISIONS FOR LIABILITIES	(13,881)	-	(13,881)
ACCRUALS AND DEFERRED INCOME	(7,414)	7,414	-
NET ASSETS	<u>481,970</u>	<u>(5,131)</u>	<u>476,839</u>
CAPITAL AND RESERVES			
Called up share capital	1,200	-	1,200
Capital redemption reserve	10,341	-	10,341
Retained earnings	470,429	(5,131)	465,298
SHAREHOLDERS' FUNDS	<u>481,970</u>	<u>(5,131)</u>	<u>476,839</u>

The notes form part of these financial statements

Pilamec Limited (Registered number: 01258472)

Reconciliation of Equity - continued
31 March 2019

	FRS 102 £	Effect of transition to FRS 101 £	FRS 101 £
FIXED ASSETS			
Tangible assets	73,424	139,666	213,090
CURRENT ASSETS			
Stocks	82,492	-	82,492
Debtors	323,150	4,034	327,184
Prepayments and accrued income	4,034	(4,034)	-
Cash at bank	117,616	-	117,616
	<u>527,292</u>	<u>-</u>	<u>527,292</u>
CREDITORS			
Amounts falling due within one year	(90,722)	(22,875)	(113,597)
NET CURRENT ASSETS	<u>436,570</u>	<u>(22,875)</u>	<u>413,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	509,994	116,791	626,785
CREDITORS			
Amounts falling due after more than one year	-	(129,325)	(129,325)
PROVISIONS FOR LIABILITIES ACCRUALS AND DEFERRED INCOME	(12,520) (4,856)	1,459 4,856	(11,061) -
NET ASSETS	<u>492,618</u>	<u>(6,219)</u>	<u>486,399</u>
CAPITAL AND RESERVES			
Called up share capital	1,200	-	1,200
Share premium	10,341	-	10,341
Retained earnings	481,077	(6,219)	474,858
SHAREHOLDERS' FUNDS	<u>492,618</u>	<u>(6,219)</u>	<u>486,399</u>

The notes form part of these financial statements

Pilamec Limited (Registered number: 01258472)

**Reconciliation of Profit
for the Year Ended 31 March 2019**

	FRS 102	Effect of transition to FRS 101	FRS 101
	£	£	£
TURNOVER	506,695	-	506,695
Cost of sales	(375,204)	-	(375,204)
GROSS PROFIT	131,491	-	131,491
Administrative expenses	(128,571)	5,290	(123,281)
OPERATING PROFIT	2,920	5,290	8,210
Interest receivable and similar income	11,238	-	11,238
Interest payable and similar expenses	-	(7,837)	(7,837)
PROFIT BEFORE TAXATION	14,158	(2,547)	11,611
Tax on profit	(3,510)	1,459	(2,051)
PROFIT FOR THE FINANCIAL YEAR	10,648	(1,088)	9,560

The notes form part of these financial statements