

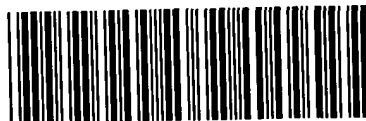
Semefab Limited

Registered number: SC100193

Annual report and financial statements

For the year ended 31 October 2020

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COMPANIES HOUSE

SEMEFAB LIMITED

COMPANY INFORMATION

Directors	A D L James Hicks (2) Limited
Company secretary	CCW Secretaries Limited
Registered number	SC100193
Registered office	Newark Road South Eastfield Industrial Estate Glenrothes Fife KY7 4NS
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 6 Dominus Way Meridian Business Park Leicester LE19 1RP
Bankers	Royal Bank of Scotland Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN

SEMEFAB LIMITED

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SEMEFAB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

Principal activity

The principal activity of the Company during the year continued to be the design and manufacture of application specific integrated circuits, discrete semi-conductor devices and foundry processing for the MEM's industry. All of Semefab's customers are sole sourced for the products we supply.

Business review

The outbreak of the pandemic COVID-19 in early FY20 had a positive effect on Semefab's revenue due to Semefab being deemed as an essential services provider due to our thermopile capability for non contact people temperature measurement and due to the use of our low pressure sensors in respirators, ventilators and manometers for medical applications. Our precision analogue integrated circuits are also used in medical equipment and instrumentation including MRI, CT and X-Ray scanners.

During COVID-19 period Semefab has worked as normally as possible - approximately 20% of the work force have either been shielding or home working. Of the 80% balance we have adopted social distancing measures quite successfully, and those people working in clean rooms (approx 60%) have the added protection against the virus due to wearing of PPE as a matter of course and due to Hepa air filtration at ISO4644 Class 4 and 5 which will block the virus.

As a result sales increased by 18% on FY19 to £11.7M and a positive net profit before tax of 9% and increased retained earnings by £842k.

Brexit, has been carefully managed internally with little adverse effect to the business. This included keeping additional stocks and ensuring our supply chain had the correct information for shipping to and from Europe. Semefab continue to have a high export profile that is unaffected by Brexit.

The upsurge in demand of COVID-19 related products was a 'bubble' and the benefit in terms of sales ensured a reasonable financial performance for year end FY20. There does remain some uncertainty in terms of the recessive consequences and general economic outlook post the COVID-19 pandemic making forecasting into 2021 and beyond difficult, however, we continue to engage with our customers to place orders and forecast their requirements.

We intend to continue our endeavours on new developments in pressure, gas flow and gas type concentration sensors and also NDIR gas sensing which use thermopiles as sensing elements. A separate strand of our future strategy is the development and manufacture of Power Semiconductor devices - SiC Schottky Diodes and TCIGBT devices which will serve the electrification and climate change agenda and form a cornerstone of our future plans alongside MEMS sensor developments and expansion.

Principal risks and uncertainties

A key risk is price inflation of raw materials and of electricity in particular. Substantial spare capacity exists at Semefab, the main barrier to utilisation being extended development and product qualification timescales. In mitigation we are exploring a renewable energy supply strategy and are deploying additional development engineering staff. Work is in hand to develop and manufacture power switching CIGBT semiconductors and we are exploring the use of SiC and GaN substrates for enhanced efficiency power switching and control in electric vehicle charging and smart grid applications as a means to filling spare capacity and creating major growth into the future.

Financial risk management objectives and policies

The Company makes little use of financial instruments other than operational bank accounts and loans. The Director believes the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.


SEMEFAB LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020**

Research and development

The main focus of research and development continues to be in new technology areas such as MEM's, ASIC, JFET products and state of the art power switch semi-conductor devices. The markets served are based in medical, industrial, automotive and energy saving applications.

This report was approved by the board and signed on its behalf.


allan.james (Jul 27, 2021 17:08 GMT+1)

A D L James
Director

Date: Jul 27, 2021

SEMEFAB LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2020**

The Directors present their report and the financial statements for the year ended 31 October 2020.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £841,938 (2019 - £161,747).

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:

A D L James
Hicks (2) Limited

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report on page 1-2.

SEMEFAB LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020**

Disclosure of information to auditor


Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 9 January 2015.

This report was approved by the board and signed on its behalf.


allan james (Jul 27, 2021 17:08 GMT+1)

A D L James
Director

Date: Jul 27, 2021

SEMEFAB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMEFAB LIMITED

Opinion

We have audited the financial statements of Semefab Limited (the 'Company') for the year ended 31 October 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows, the analysis of net debt 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 31 October 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.

SEMEFAB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMEFAB LIMITED

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 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 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 or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

SEMEFAB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMEFAB LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.


Steve English (Jul 27, 2021 18:17 GMT+1)

Stephen English (Senior Statutory Auditor)
for and on behalf of:

Mazars LLP
Chartered Accountants and Statutory Auditor
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Date: Jul 27, 2021

SEMEFAB LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Note	2020 £	2019 £
Turnover	4	11,684,888	9,930,364
Cost of sales		(7,207,164)	(6,314,377)
Gross profit		<u>4,477,724</u>	<u>3,615,987</u>
Administrative expenses		(3,885,644)	(3,845,317)
Other operating income	5	564,829	450,685
Operating profit	6	<u>1,156,909</u>	<u>221,355</u>
Interest receivable and similar income	10	12,683	3,696
Interest payable and similar expenses	11	(110,639)	(111,541)
Profit before tax		<u>1,058,953</u>	<u>113,510</u>
Tax on profit	12	(217,015)	48,237
Profit for the financial year		<u><u>841,938</u></u>	<u><u>161,747</u></u>

The notes on pages 13 to 32 form part of these financial statements.


SEMEFAB LIMITED
REGISTERED NUMBER: SC100193

BALANCE SHEET
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	8,116,134	8,840,823
		<u>8,116,134</u>	<u>8,840,823</u>
Current assets			
Stocks	14	2,008,964	1,932,045
Debtors: amounts falling due after more than one year	15	350,000	-
Debtors: amounts falling due within one year	15	1,557,792	2,742,358
Cash at bank and in hand		2,818,798	1,666,221
		<u>6,735,554</u>	<u>6,340,624</u>
Creditors: amounts falling due within one year	17	(2,510,310)	(2,392,447)
Net current assets		<u>4,225,244</u>	<u>3,948,177</u>
Total assets less current liabilities		<u>12,341,378</u>	<u>12,789,000</u>
Creditors: amounts falling due after more than one year	18	(3,300,193)	(3,739,904)
Provisions for liabilities			
Deferred tax	21	(984,549)	(751,572)
Other provisions		(1,243,529)	(1,622,855)
		<u>(2,228,078)</u>	<u>(2,374,427)</u>
Net assets		<u><u>6,813,107</u></u>	<u><u>6,674,669</u></u>
Capital and reserves			
Called up share capital	23	1,000,914	1,001,000
Capital redemption reserve	24	86	-
Profit and loss account	24	5,812,107	5,673,669
		<u>6,813,107</u>	<u>6,674,669</u>

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

Jul 27, 2021


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A D L James
Director

The notes on pages 13 to 32 form part of these financial statements.

SEMEFAB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2019	1,001,000	-	5,673,669	6,674,669
Profit for the year	-	-	841,938	841,938
Purchase of own shares	-	-	(703,500)	(703,500)
Shares cancelled during the year	(86)	86	-	-
At 31 October 2020	1,000,914	86	5,812,107	6,813,107

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2018	1,001,000	5,511,922	6,512,922
Profit for the year	-	161,747	161,747
At 31 October 2019	1,001,000	5,673,669	6,674,669

The notes on pages 13 to 32 form part of these financial statements.

SEMEFAB LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	841,938	161,747
Adjustments for:		
Depreciation of tangible assets	1,109,830	1,295,582
Amortisation of capital grants	(379,326)	(571,855)
Interest paid	110,639	111,540
Interest received	(12,683)	(3,696)
Taxation charge	217,015	(48,237)
Increase in stocks	(76,919)	(736,431)
Decrease/(increase) in debtors	1,179,075	(885,901)
Increase/(decrease) in creditors	117,863	(589,706)
Corporation tax received	21,453	19,961
Net cash generated from/(used in) operating activities	<u>3,128,885</u>	<u>(1,246,996)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(385,141)	(494,787)
Interest received	12,683	3,696
Net cash used in investing activities	<u>(372,458)</u>	<u>(491,091)</u>
Cash flows from financing activities		
Purchase of own shares	(703,500)	-
Repayment of loans	(125,000)	(100,000)
Repayment of hire purchase	(314,711)	(215,251)
Proceeds from sale and leaseback transactions	-	1,236,311
Interest paid	(110,639)	(111,540)
Issue of loan notes	(350,000)	-
Net cash (used in)/generated from financing activities	<u>(1,603,850)</u>	<u>809,520</u>
Net increase/(decrease) in cash and cash equivalents	1,152,577	(928,567)
Cash and cash equivalents at beginning of year	1,666,221	2,594,788
Cash and cash equivalents at the end of year	<u>2,818,798</u>	<u>1,666,221</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>2,818,798</u>	<u>1,666,221</u>

The notes on pages 13 to 32 form part of these financial statements.

SEMEFAB LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 OCTOBER 2020**

	At 1 November 2019 £	Cash flows £	At 31 October 2020 £
Cash at bank and in hand	1,666,221	1,152,577	2,818,798
Other loans	(1,775,000)	100,000	(1,675,000)
Group loans	(1,000,000)	25,000	(975,000)
Hire purchase	(1,279,615)	314,711	(964,904)
	<u>(2,388,394)</u>	<u>1,592,288</u>	<u>(796,106)</u>

The notes on pages 13 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

1. General information

Semefab Limited is a private company limited by shares and is registered in Scotland. The registered office is Newark Road South, Eastfield Industrial Estate, Glenrothes, Fife, KY7 4NS. The principal activity of the Company during the year continued to be the design and manufacture of application specific integrated circuits, discrete semi-conductor devices and foundry processing for the MEM's industry.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a) (iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hicks (1) Limited as at 31 October 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Directors, along with the Company's senior management team, have and are continuing to assess the business's impact of COVID-19 on all areas of the business. This includes ongoing discussions with all of the business's internal and external key stakeholders. As part of this process, the Directors have been assessing the likely trading levels of the Company over the foreseeable future and evaluating the availability of both financial and non-financial resources to ensure the Company continues to trade profitably and without material disruption. As a result, and with careful and cautious management, the Directors consider the Company will remain a profitable, cash generative business for the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 also be met before turnover is recognised:

Sale of goods

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

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

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual basis:

Freehold buildings	- 4% per annum
Plant & machinery	- 10% - 20% per annum

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

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

2.6 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling prices less further costs to completion and disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.9 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 debtors and creditors, loans from banks and other third parties and loans from related parties.

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

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

2.10 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's presentational currency is Pounds Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within administration expenses.

2.14 Operating leases

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

2.15 Sale and leaseback

Where a sale and leaseback transaction results in a hire purchase contract, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

2.16 Pensions

Defined contribution pension plan

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

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

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

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

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

2.18 Interest income

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

2.19 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

2.20 Research and development

It is not possible to distinguish between the research phase and the development phase of an internal project, therefore all research and development expenditure is treated as if it were all incurred in the research phase only and is recognised as an expense when it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.21 Employee benefit trust ("EBT")

The Company has established a trust for the benefit of employees, former employees and certain of their dependants. Monies contributed to this trust are held by independent trustees and managed at their discretion.

Under UTIF 32, "Employee Benefit Trusts and Other Intermediate Payment Arrangements", the assets and liabilities of the trust 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, or the date that assets of the trust vest unconditionally in identified individuals. Any impairment in the value of such assets is recognised in profit and loss account in the period to which it relates.

Where the Company determines payments to a trust on the basis of employees' past services to the business and the Company can obtain no future economic benefit from those contributions, such contributions payable by the Company to the trust are charged to the profit or loss in the period to which they relate.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the preparation of the financial statements, 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. In preparing these financial statements, management have made the following judgement:

Determine whether leases entered into by the Company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Key sources of estimation uncertainty are:

(a) Stock provision

Management make estimates of the impaired value of slow moving stock. These estimates are included in cost of sales and stock.

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

4. Turnover

Turnover is wholly attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	2,211,279	1,919,392
Rest of Europe	2,888,598	3,809,681
USA	3,375,414	2,352,865
Rest of World	3,209,597	1,848,426
	<u>11,684,888</u>	<u>9,930,364</u>

5. Other operating income

	2020	2019
	£	£
Income from research & development	447,719	322,746
Grants receivable	47,732	42,178
Miscellaneous income	69,378	85,761
	<u>564,829</u>	<u>450,685</u>

6. Operating profit

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

	2020	2019
	£	£
Research & development	185,596	187,492
Depreciation of owned tangible fixed assets	906,925	1,122,902
Depreciation of assets held under hire purchase	202,905	172,680
Amortisation of capital grants	(379,326)	(571,855)
Foreign currency exchange retranslation	(196,694)	(33,318)
Operating lease payments	1,895	1,895
	<u>1,895</u>	<u>1,895</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,525	14,105
Fees payable to the Company's auditor in respect of:		
All other services	4,700	10,650

8. Employees

Staff costs, including Director's remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	3,637,082	3,370,856
Social security costs	362,261	315,606
Cost of defined contribution pension scheme	101,929	104,713
	<u>4,101,272</u>	<u>3,791,175</u>

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

	2020 No.	2019 No.
Production	103	103
Administration	8	8
	<u>111</u>	<u>111</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	144,638	136,163
Company contributions to defined contribution pension schemes	3,165	3,168
	<u>147,803</u>	<u>139,331</u>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

10. Interest receivable

	2020 £	2019 £
Other interest receivable	12,683	3,696

11. Interest payable and similar expenses

	2020 £	2019 £
Loan interest	54,332	60,123
Interest payable to parent undertaking	23,346	27,500
Hire purchase interest	32,961	23,918
	<u>110,639</u>	<u>111,541</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous periods	(15,962)	(21,841)
	<u>(15,962)</u>	<u>(21,841)</u>
Total current tax	<u>(15,962)</u>	<u>(21,841)</u>
Deferred tax		
Origination and reversal of timing differences (note 21)	232,977	(26,396)
Total deferred tax	<u>232,977</u>	<u>(26,396)</u>
Taxation on profit on ordinary activities	<u>217,015</u>	<u>(48,237)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the expected rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,058,953	113,510
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	201,201	21,566
Effects of:		
Expenses not deductible for tax purposes	823	482
Capital allowances in excess of depreciation/amortisation	(9,029)	(40,698)
Adjustments in respect of previous periods	-	(391)
Other timing differences	39,982	(7,746)
Research & development tax credit	(15,962)	(21,450)
Total tax charge for the year	217,015	(48,237)

Factors that may affect future tax charges

It is anticipated that the Company will continue to claim research and development allowances in the future.

The Company has taxable trading losses of approximately £762,252 (2019 - £1,542,502) available to utilise against future trading profits.

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

13. Tangible fixed assets

	Freehold buildings £	Plant & machinery £	Total £
Cost			
At 1 November 2019	6,251,776	16,510,263	22,762,039
Additions	-	385,141	385,141
At 31 October 2020	<u>6,251,776</u>	<u>16,895,404</u>	<u>23,147,180</u>
Depreciation			
At 1 November 2019	2,349,533	11,571,683	13,921,216
Charge for the year	250,071	859,759	1,109,830
At 31 October 2020	<u>2,599,604</u>	<u>12,431,442</u>	<u>15,031,046</u>
Net book value			
At 31 October 2020	<u>3,652,172</u>	<u>4,463,962</u>	<u>8,116,134</u>
At 31 October 2019	<u>3,902,243</u>	<u>4,938,580</u>	<u>8,840,823</u>

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

	2020 £	2019 £
Plant & machinery	1,570,842	1,773,747
	<u>1,570,842</u>	<u>1,773,747</u>

14. Stocks

	2020 £	2019 £
Raw materials	573,028	669,015
Work in progress	1,435,936	1,263,030
	<u>2,008,964</u>	<u>1,932,045</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

15. Debtors

	2020 £	2019 £
Due after more than one year		
Loan note (note 27)	350,000	-
	<u>350,000</u>	<u>-</u>
	2020 £	2019 £
Due within one year		
Trade debtors	1,363,276	1,285,076
EBT debtor (note 27)	36,309	36,309
Other debtors	20,999	1,114,584
Prepayments and accrued income	137,208	306,389
	<u>1,557,792</u>	<u>2,742,358</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank	2,816,328	1,663,751
EBT cash	2,470	2,470
	<u>2,818,798</u>	<u>1,666,221</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	983,586	1,004,745
Other taxation and social security	94,300	84,747
Obligations under hire purchase contracts (note 20)	314,711	314,711
Other creditors	11,252	11,194
Accruals and deferred income	1,106,461	977,050
	<u>2,510,310</u>	<u>2,392,447</u>

18. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans (note 19)	1,675,000	1,775,000
Obligations under hire purchase contracts (note 20)	650,193	964,904
Amounts owed to group undertakings	975,000	1,000,000
	<u>3,300,193</u>	<u>3,739,904</u>

Amounts owed to group undertakings due after more than one year relate to an unsecured loan, have no fixed repayment date, and bears interest at 2% above the bank base rate. It is not expected to be repaid within 12 months from the balance sheet date.

Other loans amounting to £1,675,000 (2019: £1,775,000) are repayable in full or in part at any time up to 2027, at the Company's discretion, are unsecured and attract interest at 3% over the UK base rate.

19. Other loans

Analysis of the maturity of other loans is given below:

	2020 £	2019 £
Other loans falling due after 5 years	1,675,000	1,775,000
	<u>1,675,000</u>	<u>1,775,000</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

20. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Amounts falling due within one year	314,711	314,711
Amounts falling due within 2-5 years	650,193	964,904
	<u>964,904</u>	<u>1,279,615</u>

Hire purchase contracts are secured on the assets to which they relate.

21. Deferred taxation

	2020 £	2019 £
Balance bought forward	(751,572)	(777,968)
Credited to profit or loss	(232,977)	26,396
Balance carried forward	<u>(984,549)</u>	<u>(751,572)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(431,045)	(388,566)
Rolled over capital gains	(700,373)	(626,650)
Short term timing differences	2,041	1,419
Losses carried forward	144,828	262,225
	<u>(984,549)</u>	<u>(751,572)</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

22. Deferred income**Capital grants**

	2020 £	2019 £
Received and receivable:		
Balance bought forward	7,487,502	7,487,502
Additions	-	-
Balance carried forward	<u>7,487,502</u>	<u>7,487,502</u>

	2020 £	2019 £
Amortisation		
Balance bought forward	5,864,647	5,292,792
Credit to the profit and loss account during the year	379,326	571,855
Balance carried forward	<u>6,243,973</u>	<u>5,864,647</u>

	2020 £	2019 £
Net book value		
At 31 October 2020/2019	<u>1,243,529</u>	<u>1,622,855</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
314 (2019 - 400) A ordinary shares of £1.00 each	314	400
600 (2019 - 600) B ordinary shares of £1.00 each	600	600
1,000,000 (2019 - 1,000,000) C ordinary shares of £1.00 each	1,000,000	1,000,000
	<u>1,000,914</u>	<u>1,001,000</u>

The A and B ordinary shares have equal voting rights and are entitled to dividends pro rated according to the amounts paid up respectively.

The C shares do not carry an entitlement to a dividend or have any voting rights. The C shares have the right on a winding up to receive, in priority to any other class of share, the sum of £1 per share.

The full terms and conditions of the rights attaching to share capital are set out in the Memorandum and Articles of Association, copies of which may be obtained from Companies House.

During the year, 86 A Ordinary Shares were purchased by the Company and cancelled on the same day.

24. Reserves**Capital redemption reserve**

The capital redemption reserve represents the nominal value of shares purchased by the Company.

Profit & loss account

The profit and loss account represents profits and losses retained in the current and prior periods.

25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to these funds and amounted to £101,929 (2019 - £104,713). There were accrued pension contributions of £11,252 (2019 - £11,194) included within creditors at the year end.

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

26. Commitments under operating leases

At 31 October 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	1,106
	<u>-</u>	<u>1,106</u>
	<u>-</u>	<u>1,106</u>

27. Related party transactions

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

a) Immediate parent undertaking, Hicks (2) Limited:

	2020 £	2019 £
Interest payable	23,346	27,500
Creditors: due after more than one year	975,000	1,000,000
	<u>975,000</u>	<u>1,000,000</u>

b) The Sverdloff 2009 Trust, a trust in which S R Sverdloff is a beneficiary:

	2020 £	2019 £
Interest payable	30,098	30,150
Creditors: due after more than one year	675,000	775,000
	<u>705,098</u>	<u>805,150</u>

c) Advanced Eco Technology Limited Pension Plan, a pension in which S R Sverdloff is a member:

	2020 £	2019 £
Interest payable	30,041	30,000
Creditors: due after more than one year	1,000,000	1,000,000
	<u>1,030,041</u>	<u>1,030,000</u>

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

Related party transactions (continued)

(d) Detector and Sensor Technologies (Holdings) Limited, a company in which A D L James is a member:

The Company advanced loans, amounting to £350,000, to Directors of Sensor Technologies (Holdings) Limited during the year. This is due to be repaid on 1 July 2025. Interest is accrued daily and amounted to £10,959 during the year.

e) Detector and Sensor Technologies Limited, a subsidiary of Detector and Sensor Technologies (Holdings) Limited:

	2020 £	2019 £
Sales	-	33,336
Purchases	-	66,000
Creditor at year end	-	77,000

f) Advanced Eco Technology Limited, a company in which S R Sverloff has an equity interest:

	2020 £	2019 £
Consultancy fees payable	84,036	64,309
Management fees payable	35,000	35,000
Creditor at year end	612,311	626,287

g) Profusion plc, a company in which K G Persin, the Director of Hicks (2) Limited, is also a Director:

	2020 £	2019 £
Sales	58,406	116,177
Debtor at year end	-	28,714

SEMEFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

Related party transactions (continued)

h) DST Sensor Technologies Limited, a company in which A D L James is a Director:

	2020	2019
	£	£
Sales	194,106	221,473
Debtor at year end	16,366	38,640

i) The EBT debtor (note 15) represents amounts due from A D L James, a Director of the Company, which bears interest of 5% per annum and is repayable on demand.

A D L James is considered to be key management personnel of the Company.

j) Directors' loan accounts

Included within other debtors (note 15) is £Nil (2019 - £234,000) due from A D L James. During the year advances amounting to £8,478 (2019 - £317,000) and repayments of £242,478 (2019 - £83,000) were made to and from A D L James. The maximum amount outstanding during the year was £234,000 (2019 - £234,000). No interest accrued on this loan.

The loan account was cleared subsequent to the year end.

k) Shareholder transactions

Included within other debtors (note 15) is £Nil (2019 - £700,000) due from A Bruce, a former Director of the Company. The maximum amount outstanding during the year was £700,000 (2019 - £700,000). No interest accrued on this loan.

The loan account was cleared subsequent to the year end.

28. Immediate and ultimate parent undertaking and ultimate controlling party

The Company's immediate and ultimate parent undertakings are Hicks (2) Limited and Hicks (1) Limited respectively. Both of these companies are registered in England and Wales. The largest and smallest group in which the financial statements of Semefab Limited are consolidated is that headed by Hicks (1) Limited. The financial statements of Hicks (1) Limited can be obtained from Companies House.

S R Sverdlhoff is considered to be the ultimate controlling party, by virtue of his controlling interest in the issued equity share capital of Hicks (1) Limited, the ultimate parent undertaking.