

Company Registration No. 01331504 (England and Wales)

UNILATHE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021



UNILATHE LIMITED

COMPANY INFORMATION

Directors	Mr E Sims Mr A Sims Mrs J E Sims Mr M Oakley Mr D Chetwyn Mr A J White
Secretary	Mrs E White
Company number	01331504
Registered office	Ford Green Business Park Ford Green Road Smallthorne Stoke on Trent Staffordshire ST6 1NG
Auditor	WCCA Limited 2-6 Adventure Place Hanley Stoke on Trent Staffordshire ST1 3AF
Bankers	HSBC Bank Plc Crown Bank Hanley Stoke on Trent Staffordshire ST1 1DA

UNILATHE LIMITED

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UNILATHE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

Fair review of the business

The year was dominated both nationally and globally by the impact of the Covid-19 pandemic. This had an inevitable impact on the business with reduced demand, particularly during the early months of the year, coinciding with massive uncertainty as to the short, medium and long term prospects. Almost half of the production staff were placed on furlough such that they received 80% of their normal pay through the Coronavirus Job Retention Scheme. At the same time the business cut all costs to a minimum, arranged payment moratoriums with all finance lease providers and controlled cash tightly.

Fortunately, some turnover was maintained during those early months and, following a number of redundancies, the remainder of the workforce was gradually brought back from furlough as demand increased. This remained the picture for the rest of the trading year such that increased profits have been generated from reduced turnover.

Principal risks and uncertainties

The impact of the Covid-19 pandemic across the entire business landscape cannot be overstated with activity reduced and confidence undermined in all market sectors. Maintaining a dialogue with our main customers at the highest level became ever more crucial whilst providing reassurance to both customers and employees was paramount. This coincided with the opportunity to develop a new key customer with the prospect of becoming a tier 1 supplier. This became a useful diversion and created some positivity in an otherwise challenging period.

Development and performance

A proportion of resource is constantly committed to developing improved methods of production and researching the most modern techniques to drive productive efficiency. This has been maintained even during the unprecedented period of the pandemic, supported by a further significant investment in modern plant and machinery. This presents the company as being the business of choice when it comes to selecting new partners.

Key performance indicators

The productive side of the business constantly measures its performance in terms of safety, quality, cost, delivery and people, being all the ingredients of a successful and efficient enterprise. Financial criteria revolve around margin control and maintaining good liquidity and gearing ratios. All have moved in the right direction during the year under review.

By order of the board



Mrs E White
Secretary

Date: 14/12/21

UNILATHE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

Principal activities

The principal activity of the company continued to be that of general sub-contract engineers.

Review of the business

It is likely that the year will become known internationally as the year of the Covid-19 pandemic. It dominated all aspects of commercial, social, public and private life and inevitably impacted the business during this trading period. It brought new challenges for management with a need to protect productive capacity whilst ensuring that its financial resilience was safeguarded. This required productive staff to be furloughed for a period and finance lease providers to arrange payment moratoriums as the business maintained tight cash control.

Fortunately, customer demand returned after a 3 month hiatus and the business was able to win new business as a result of some others not being so responsive. This allowed for some improvement in margin with a good balance of project and production style throughput. It also provided an increase in annual profitability despite an overall reduction in turnover.

Tribute must be paid to our employees, many of whom continued to work throughout, for their dedication and commitment during this trying period. They have reflected the values which the company portrays in abundance and have placed the customer at the centre of everything we do.

Despite the limitations of the year, the business has maintained a concentration on Research and Development. This maintains a competitive edge and this year has given us the impetus to continue to develop a relationship with a new customer, such that this will lead to the establishment of our first tier 1 supplier status.

The business continues to be well placed to exploit the opportunities available by concentrating on customer relationships, quality and timely delivery at a market competitive price.

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a final dividend.

Directors

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

Mr E Sims
Mr A Sims
Mrs J E Sims
Mr M Oakley
Mr D Chetwyn
Mr A J White

Future developments

The business continues to invest in state-of-the-art technology in order to maintain its reputation for quality production in line with the numerous industry and customer accreditations which it holds. It has an enviable reputation which has been further enhanced this year through its responsiveness and commitment to quality and efficiency. This all makes for a particularly exciting future.

Auditor

In accordance with the company's articles, a resolution proposing that WCCA Limited be reappointed as auditor of the company will be put at a General Meeting.

UNILATHE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

By order of the board



Mrs E White
Secretary

Date: 14/12/21

UNILATHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNILATHE LIMITED

Opinion

We have audited the financial statements of Unilathe Limited (the 'company') for the year ended 30 April 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

UNILATHE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UNILATHE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities included fraud

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, including fraud. We made enquiries of management of their own assessment of risk and fraud.

We ensured that the engagement team had the appropriate competence, capabilities and skills to identify non-compliance with laws and regulations and to identify indications of fraud.

UNILATHE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UNILATHE LIMITED

We identified laws and regulations applicable to the company through discussions directors and management and focused on specific laws which we considered may have a direct material effect on the financial such as financial reporting requirements including the Companies Act 2006 and United Kingdom Accounting Standards, taxation legislation, data protection regulations, employment law and health and safety regulations.

We assessed the extent of compliance with the laws and regulations by making enquires of management and reviewing invoices for legal and professional fees.

We assessed the susceptibility of the financial statements to material misstatements, including obtaining an understanding of how fraud might occur by making enquiries of management as to where they considered there was a susceptibility to fraud and their knowledge of any suspected, alleged or actual fraud.

We considered the internal controls in place to mitigate the risks of fraud and non-compliance with laws and regulations.

Audit response to the risks identified

To address the risk of fraud through management bias and override of controls we

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries posted during the year and at the year end to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- performed substantive procedures such as walkthrough tests on major transaction cycles including sales, purchase and payroll.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial disclosures to underlying supporting documents;
- enquiring of management as to any actual or potential litigation;
- reviewing correspondence with HM Revenue and Customs; and
- reviewing legal and professional costs incurred during the year to identify any indicators of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

UNILATHE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UNILATHE LIMITED

Use of our report

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

WCCA Limited

Mr David Fox (Senior Statutory Auditor)
For and on behalf of WCCA Limited

Date: *20 December 2021*

Chartered Certified Accountants
Statutory Auditor

2-6 Adventure Place
Hanley
Stoke on Trent
Staffordshire
ST1 3AF

UNILATHE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	6,705,247	7,600,876
Cost of sales		(4,683,429)	(5,481,079)
Gross profit		2,021,818	2,119,797
Administrative expenses		(1,984,482)	(2,161,522)
Other operating income		249,287	117,689
Operating profit	4	286,623	75,964
Interest receivable and similar income	7	10	38
Interest payable and similar expenses	8	(95,767)	(62,873)
Profit before taxation		190,866	13,129
Tax on profit	9	90,660	194,527
Profit for the financial year		281,526	207,656
Retained earnings brought forward		2,172,733	2,058,915
Dividends	10	(45,556)	(93,838)
Retained earnings carried forward		<u>2,408,703</u>	<u>2,172,733</u>

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

UNILATHE LIMITED

BALANCE SHEET

AS AT 30 APRIL 2021

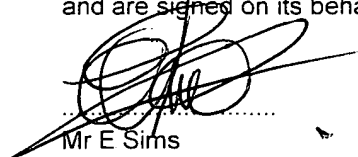
	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		3,127,577		2,572,869
Current assets					
Stocks	12	841,512		563,509	
Debtors	13	2,084,288		2,099,458	
Cash at bank and in hand		76,481		34,149	
		<u>3,002,281</u>		<u>2,697,116</u>	
Creditors: amounts falling due within one year					
Loans and overdrafts	15	780,950		794,743	
Obligations under finance leases	16	308,618		337,327	
Taxation and social security		374,027		355,950	
Other creditors	17	846,607		639,355	
Government grants	19	3,157		3,507	
Accruals and deferred income		106,623		130,283	
		<u>2,419,982</u>		<u>2,261,165</u>	
Net current assets			582,299		435,951
Total assets less current liabilities			3,709,876		3,008,820
Creditors: amounts falling due after more than one year	14		(1,006,919)		(652,993)
Provisions for liabilities					
Deferred tax liability	18	294,154		182,994	
		<u>(294,154)</u>		<u>(182,994)</u>	
Net assets			<u>2,408,803</u>		<u>2,172,833</u>
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves			2,408,703		2,172,733
Total equity			<u>2,408,803</u>		<u>2,172,833</u>

UNILATHE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 APRIL 2021

The financial statements were approved by the board of directors and authorised for issue on 14/12/2021 and are signed on its behalf by:



Mr E Sims
Director

Company Registration No. 01331504

UNILATHE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	24	515,290		760,454	
Interest paid		(95,767)		(62,873)	
Income taxes refunded		201,820		237,314	
Net cash inflow from operating activities		621,343		934,895	
Investing activities					
Purchase of tangible fixed assets		(848,040)		(415,900)	
Proceeds on disposal of tangible fixed assets		-		4,298	
Interest received		10		38	
Net cash used in investing activities		(848,030)		(411,564)	
Financing activities					
Repayment of bank loans		250,000		-	
Payment of finance leases obligations		115,868		(135,543)	
Dividends paid		(45,556)		(93,838)	
Net cash generated from/(used in) financing activities		320,312		(229,381)	
Net increase in cash and cash equivalents		93,625		293,950	
Cash and cash equivalents at beginning of year		(760,594)		(1,054,544)	
Cash and cash equivalents at end of year		(666,969)		(760,594)	
Relating to:					
Cash at bank and in hand		76,481		34,149	
Bank overdrafts included in creditors payable within one year		(743,450)		(794,743)	

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Company information

Unilathe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ford Green Business Park, Ford Green Road, Smallthorne, Stoke on Trent, Staffordshire, ST6 1NG.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Tangible fixed assets

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

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

Leasehold buildings improvements	Over the period of the lease
Plant and machinery	10% per annum reducing balance
Office equipment	15% per annum reducing balance
Motor vehicles	25% per annum reducing balance

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

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

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

1.15 Government grants

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

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

1.16 Foreign exchange

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Other significant revenue		
Interest income	10	38
Grants received	249,287	117,689
	<u> </u>	<u> </u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(743)	(626)
Government grants	(249,287)	(117,689)
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	15,560
Depreciation of owned tangible fixed assets	293,333	293,727
(Profit)/loss on disposal of tangible fixed assets	-	285
Operating lease charges	248,038	265,205
	<u> </u>	<u> </u>

5 Employees

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

	2021	2020
	Number	Number
Production staff	81	80
Directors	6	6
Office, administration and management	4	5
	<u> </u>	<u> </u>
Total	91	91
	<u> </u>	<u> </u>

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

5 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	3,048,472	3,468,955
Social security costs	307,448	347,478
Pension costs	90,783	118,432
	<u>3,446,703</u>	<u>3,934,865</u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	294,306	273,257
Company pension contributions to defined contribution schemes	2,500	27,500
	<u>296,806</u>	<u>300,757</u>

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

	2021	2020
	£	£
Remuneration for qualifying services	<u>63,958</u>	<u>58,437</u>

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	10	27
Other interest income	-	11
	<u>10</u>	<u>38</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>10</u>	<u>27</u>
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UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,669	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	88,098	62,873
	<u>95,767</u>	<u>62,873</u>

9 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(201,821)	(237,341)
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	89,632	42,814
Changes in tax rates	21,529	-
	<u>111,161</u>	<u>42,814</u>
Total deferred tax		
	<u>111,161</u>	<u>42,814</u>
Total tax credit	<u>(90,660)</u>	<u>(194,527)</u>

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

	2021	2020
	£	£
Profit before taxation	<u>190,866</u>	<u>13,129</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	36,265	2,495
Tax effect of expenses that are not deductible in determining taxable profit	56,145	55,946
Tax effect of income not taxable in determining taxable profit	(667)	(1,205)
Unutilised tax losses carried forward	88,049	54,291
Adjustments in respect of prior years	(201,821)	(237,341)
Permanent capital allowances in excess of depreciation	<u>(68,631)</u>	<u>(68,713)</u>
Taxation credit for the year	<u>(90,660)</u>	<u>(194,527)</u>

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

10 Dividends

	2021 £	2020 £
Interim paid	45,556	93,838

11 Tangible fixed assets

	Leasehold buildings improvements £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 May 2020	329,047	8,286,704	170,917	110,779	8,897,447
Additions	-	844,832	3,208	-	848,040
At 30 April 2021	329,047	9,131,536	174,125	110,779	9,745,487
Depreciation and impairment					
At 1 May 2020	272,126	5,815,431	146,468	90,552	6,324,577
Depreciation charged in the year	6,325	269,430	12,523	5,055	293,333
At 30 April 2021	278,451	6,084,861	158,991	95,607	6,617,910
Carrying amount					
At 30 April 2021	50,596	3,046,675	15,134	15,172	3,127,577
At 30 April 2020	56,921	2,471,273	24,448	20,227	2,572,869

12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	841,512	563,509

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,915,412	1,734,563
Other debtors	-	178,344
Prepayments and accrued income	168,876	186,551
	2,084,288	2,099,458

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	15	212,500	-
Obligations under finance leases	16	766,005	621,428
Government grants	19	28,414	31,565
		<u>1,006,919</u>	<u>652,993</u>

The long-term loans and hire purchases are secured by fixed charges over the assets of the company.

15 Loans and overdrafts

	2021 £	2020 £
Bank loans	250,000	-
Bank overdrafts	743,450	794,743
	<u>993,450</u>	<u>794,743</u>
Payable within one year	780,950	794,743
Payable after one year	212,500	-
	<u>993,450</u>	<u>794,743</u>

The long-term loans and hire purchases are secured by fixed charges over the assets of the company.

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	339,702	392,546
In two to five years	806,525	634,371
	<u>1,146,227</u>	<u>1,026,917</u>
Less: future finance charges	(71,604)	(68,162)
	<u>1,074,623</u>	<u>958,755</u>

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

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

17 Other creditors falling due within one year

	2021	2020
	£	£
Trade creditors	846,147	638,552
Other creditors	460	803
	<u>846,607</u>	<u>639,355</u>

18 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	<u>294,154</u>	<u>182,994</u>
		2021
Movements in the year:		£
Liability at 1 May 2020		182,994
Charge to profit or loss		89,631
Effect of change in tax rate - profit or loss		<u>21,529</u>
Liability at 30 April 2021		<u>294,154</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Government grants

	2021	2020
	£	£
Arising from government grants	<u>31,571</u>	<u>35,072</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	3,157	3,507
Non-current liabilities	<u>28,414</u>	<u>31,565</u>
	<u>31,571</u>	<u>35,072</u>

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

20 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	90,783	118,432

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

21 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

22 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	315,214	315,214
Between two and five years	-	25,740
	315,214	340,954

23 Directors' transactions

Dividends totalling £44,848(2020: £93,838) were paid in the year in respect of shares held by the company's directors.

UNILATHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

24 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	281,526	207,656
Adjustments for:		
Taxation credited	(90,660)	(194,527)
Finance costs	95,767	62,873
Investment income	(10)	(38)
(Gain)/loss on disposal of tangible fixed assets	-	285
Depreciation and impairment of tangible fixed assets	293,333	293,727
Movements in working capital:		
Increase in stocks	(278,004)	(91,427)
Decrease in debtors	15,170	524,319
Increase/(decrease) in creditors	201,669	(38,517)
Decrease in deferred income	(3,501)	(3,897)
Cash generated from operations	<u>515,290</u>	<u>760,454</u>

25 Analysis of changes in net debt

	1 May 2020 £	Cash flows £	30 April 2021 £
Cash at bank and in hand	34,149	42,332	76,481
Bank overdrafts	(794,743)	51,293	(743,450)
	<u>(760,594)</u>	<u>93,625</u>	<u>(666,969)</u>
Borrowings excluding overdrafts	-	(250,000)	(250,000)
Obligations under finance leases	(958,755)	(115,868)	(1,074,623)
	<u>(1,719,349)</u>	<u>(272,243)</u>	<u>(1,991,592)</u>