

Company Registration No. 00804767 (England and Wales)

AUTO MARINE CABLES LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2020

TUESDAY



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COMPANIES HOUSE

AUTO MARINE CABLES LIMITED

COMPANY INFORMATION

Directors	Mrs D Hammond Mr P Hammond A V Bryant	(Appointed 14 April 2020)
Company number	00804767	
Registered office	Unit 32, Devonshire Road Oakhill Trading Estate Worsley Manchester	
Auditor	Barlow Andrews LLP Carlyle House 78 Chorley New Road Bolton	
Bankers	Royal Bank of Scotland 104 Market Street Farnworth Bolton	
Solicitors	Hill Dickinson 50 Fountain St Manchester	

AUTO MARINE CABLES LIMITED

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AUTO MARINE CABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Fair review of the business

The directors present the strategic report of the company for the year and look forward to the future in confidence.

On-going investment in the business software continues as a priority to eliminate waste and speed up processes.

Principal risks and uncertainties

In March 2020 the UK was significantly impacted by the global pandemic. The risk to the business was a reduction of sales during lockdown and a slow recovery thereafter. The business has mitigated this risk by utilising the schemes provided by the UK government such as the coronavirus job retention scheme and deferment of VAT payments.

The cost of copper and other materials have increased due to the impact of the pandemic. Also the shortage of such materials has led to an increased supply lead time. The company has mitigated this risk through strong supply chain management and maintaining strong long term relationships with key suppliers.

The impact of Brexit posed a numbers of risks to the company. This risk was mitigated by putting together a cross functional working group and identifying the key actions. The main risk to the company was the delays at ports which was been mitigated by increasing our stocking levels of key imports to ensure continued production.

Credit risk from trade debtors is managed by operating strict credit control procedures, including detailed on-going credit reference checks on all UK and export customers, regular reviews of credit limits and payment terms.

The directors regularly review the risk and opportunities to the business to identify areas of interest and have investigated projects to eliminate or reduce the risk to an acceptable level or maximise the opportunity.

Development and performance

The company was impacted by the global pandemic from April 2020 which resulted in turnover decreasing by 16% to £12.0m, (2019: £14.4m).

Gross profit margin for the year has also decreased slightly by 0.7% to 29.1% due to increases in the price of copper. However the directors are happy with the profit pre taxation position of £845k despite a very challenging backdrop.

The group maintains a strong cash position, with year end cash of £0.8m and there is also an unused bank facility available. The directors aim to maintain a strong and liquid cash position for group working capital purposes, whilst at the same time endeavouring to achieve a low risk return where possible.

Key performance indicators

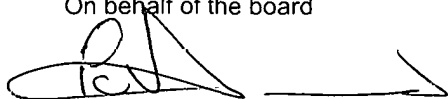
The directors see delivery performance to customers, debtor days and stock days as key measures and all three are on target.

Delivery performance: 97.4%

Debtor days: 47

Days of stock: 54

On behalf of the board



Mr P Hammond

Director

11 June 2021

AUTO MARINE CABLES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Principal activities

The principal activity of the company continued to be that of manufacturers and national distributors of electrical cables to the motor, marine, caravan and allied industries.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £3,202,500. 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:

Mrs D Hammond

Mr P Hammond

A V Bryant

Z E J Shahin

(Appointed 14 April 2020)

(Appointed 6 July 2020 and resigned 26 November 2020)

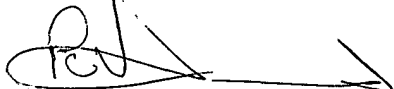
Auditor

The auditor, Barlow Andrews LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

On behalf of the board



Mr P Hammond

Director

11 June 2021

AUTO MARINE CABLES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

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

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

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

AUTO MARINE CABLES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTO MARINE CABLES LIMITED

Opinion

We have audited the financial statements of financial statements of Auto Marine Cables Limited (the 'company') for the year ended 30 September 2020 which comprise the Profit and Loss Account, the Statement of Changes in Equity, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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.

AUTO MARINE CABLES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AUTO MARINE CABLES LIMITED

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 or the directors' report.

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

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

Responsibilities of directors

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

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

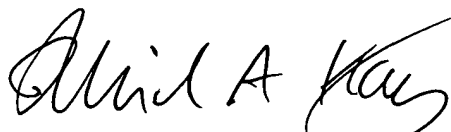
Auditor's responsibilities for the audit of the financial statements

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

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

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.



David Kay (Senior Statutory Auditor)
For and on behalf of Barlow Andrews LLP

11 June 2021

Chartered Accountants
Statutory Auditor

Carlyle House
78 Chorley New Road
Bolton

AUTO MARINE CABLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	12,047,839	14,436,355
Cost of sales		(8,544,811)	(10,136,385)
Gross profit		3,503,028	4,299,970
Distribution costs		(539,667)	(587,514)
Administrative expenses		(2,314,507)	(2,088,465)
Other operating income		195,881	4,336
Operating profit	4	844,735	1,628,327
Interest receivable and similar income	7	695	19,661
Interest payable and similar expenses	8	(203)	-
(Losses)/gains on investments	9	-	(102,614)
Profit before taxation		845,227	1,545,374
Taxation	10	(50,154)	(183,715)
Profit for the financial year		795,073	1,361,659

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

There is no other comprehensive income for the year. The total comprehensive income is the profit for the financial year shown above.

AUTO MARINE CABLES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	12		15,449		321,511
Tangible assets	14		545,104		576,557
Investments	15		-		4,404
			<u>560,553</u>		<u>902,472</u>
Current assets					
Stocks	16	1,205,948		1,468,465	
Debtors	17	4,609,749		2,700,496	
Cash at bank and in hand		781,557		4,404,195	
		<u>6,597,254</u>		<u>8,573,156</u>	
Creditors: amounts falling due within one year	18	(1,516,274)		(1,440,057)	
Net current assets			<u>5,080,980</u>		<u>7,133,099</u>
Total assets less current liabilities			<u>5,641,533</u>		<u>8,035,571</u>
Creditors: amounts falling due after more than one year	19		(6,012)		-
Provisions for liabilities					
Deferred tax liability	21	96,625		89,248	
		<u>96,625</u>	<u>(96,625)</u>	<u>89,248</u>	<u>(89,248)</u>
Net assets			<u><u>5,538,896</u></u>		<u><u>7,946,323</u></u>
Capital and reserves					
Called up share capital	23		110,765		110,765
Capital redemption reserve	24		55,232		55,232
Profit and loss reserves			5,372,899		7,780,326
Total equity			<u><u>5,538,896</u></u>		<u><u>7,946,323</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11 June 2021 and are signed on its behalf by:



Mr P Hammond
Director

Company Registration No. 00804767

AUTO MARINE CABLES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2018		110,765	55,232	6,418,667	6,584,664
Year ended 30 September 2019:					
Profit and total comprehensive income for the year		-	-	1,361,659	1,361,659
Balance at 30 September 2019		110,765	55,232	7,780,326	7,946,323
Year ended 30 September 2020:					
Profit and total comprehensive income for the year		-	-	795,073	795,073
Dividends	11	-	-	(3,202,500)	(3,202,500)
Balance at 30 September 2020		110,765	55,232	5,372,899	5,538,896

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Auto Marine Cables Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 32, Devonshire Road, Oakhill Trading Estate, Worsley, Manchester.

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 certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Auto Marine Cables International Limited. These consolidated financial statements are available from its registered office, Unit 32 Devonshire Road, Oakhill Trading Estate, Worsley.

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.

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.

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

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

Intangible assets is comprised of computer software. Such assets are defined as having finite useful lives and the costs are amortised over their useful life. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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

Software	15% reducing balance
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1.5 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:

Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15-25% reducing balance
Motor vehicles	25% 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.

1.6 Impairment of fixed assets

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

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.

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.7 Stocks

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

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

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.9 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.

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.

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

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.

Derecognition of financial liabilities

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

1.10 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.

1.11 Taxation

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

Current tax

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

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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 Foreign exchange

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

1.16 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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:

	2020	2019
	£	£
Other significant revenue		
Interest income	695	-
Dividends received	-	19,661
Grants received	195,881	-
	<u>195,881</u>	<u>19,661</u>

	2020	2019
	£	£
Turnover analysed by geographical market		
UK	10,635,632	13,193,660
Europe	1,259,935	1,178,704
Rest of the world	152,272	63,991
	<u>12,047,839</u>	<u>14,436,355</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	46,943	55,341
Research and development costs	64,559	249,557
Government grants	(195,881)	-
Fees payable to the company's auditor for the audit of the company's financial statements	18,440	15,890
Depreciation of owned tangible fixed assets	106,135	116,400
(Profit)/loss on disposal of tangible fixed assets	(9,675)	2,784
Amortisation of intangible assets	50,848	44,536
Impairment of intangible assets	271,906	-
Loss on disposal of intangible assets	8,279	-
Operating lease charges	82,446	75,335
	<u>82,446</u>	<u>75,335</u>

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Employees

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

	2020 Number	2019 Number
Production	55	55
Administration	27	18
Total	82	73

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,559,806	2,462,698
Social security costs	235,040	229,904
Pension costs	56,634	62,696
	2,851,480	2,755,298

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	335,516	354,547
Company pension contributions to defined contribution schemes	6,321	9,000
	341,837	363,547

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 1).

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

	2020 £	2019 £
Remuneration for qualifying services	216,394	345,250

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	695	-
Other income from investments		
Dividends from financial assets measured at fair value through profit or loss	-	19,661
Total income	695	19,661

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on finance leases and hire purchase contracts	203	-

9 (Losses)/gains on investments

	2020	2019
	£	£
(Losses)/gains on investments	-	(102,614)

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	42,777	247,182
Deferred tax		
Origination and reversal of timing differences	7,377	(63,467)
Total tax charge	50,154	183,715

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	845,227	1,545,374
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	160,593	293,621
Tax effect of expenses that are not deductible in determining taxable profit	35,451	(39,651)
Tax effect of income not taxable in determining taxable profit	-	(3,736)
Group relief	(153,780)	-
Permanent capital allowances in excess of depreciation	513	(3,052)
Deferred tax adjustment	7,377	(63,467)
Taxation charge for the year	50,154	183,715

11 Dividends

	2020 £	2019 £
Interim paid	3,202,500	-

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Intangible fixed assets

	Software £
Cost	
At 1 October 2019	446,833
Additions	24,971
Disposals	7,581
Other changes	(15,860)
	<hr/>
At 30 September 2020	463,525
	<hr/>
Amortisation and impairment	
At 1 October 2019	125,322
Amortisation charged for the year	50,848
Impairment losses	271,906
	<hr/>
At 30 September 2020	448,076
	<hr/>
Carrying amount	
At 30 September 2020	15,449
	<hr/> <hr/>
At 30 September 2019	321,511
	<hr/> <hr/>

More information on impairment movements in the year is given in note 13.

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Intangible assets	12	271,906	-
		<hr/>	<hr/>
Recognised in:			
Administrative expenses		271,906	-
		<hr/>	<hr/>

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 October 2019	1,413,137	720,060	197,947	2,331,144
Additions	43,329	83,044	-	126,373
Disposals	(7,176)	-	(111,634)	(118,810)
At 30 September 2020	1,449,290	803,104	86,313	2,338,707
Depreciation and impairment				
At 1 October 2019	1,066,222	618,425	69,940	1,754,587
Depreciation charged in the year	55,307	22,193	28,635	106,135
Eliminated in respect of disposals	(5,884)	-	(61,235)	(67,119)
At 30 September 2020	1,115,645	640,618	37,340	1,793,603
Carrying amount				
At 30 September 2020	333,645	162,486	48,973	545,104
At 30 September 2019	346,915	101,635	128,007	576,557

15 Fixed asset investments

	2020 £	2019 £
Unlisted investments	-	4,404

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 October 2019	4,404
Disposals	(4,404)
At 30 September 2020	-
Carrying amount	
At 30 September 2020	-
At 30 September 2019	4,404

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

16 Stocks

	2020 £	2019 £
Raw materials and consumables	761,740	1,130,419
Finished goods and goods for resale	444,208	338,046
	<u>1,205,948</u>	<u>1,468,465</u>

17 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,327,022	2,458,832
Amounts owed by group undertakings	2,160,084	119,952
Other debtors	-	6,735
Prepayments and accrued income	122,643	114,977
	<u>4,609,749</u>	<u>2,700,496</u>

18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	20	1,850	-
Trade creditors		886,045	810,951
Corporation tax		42,777	247,182
Other taxation and social security		446,794	214,593
Other creditors		8,265	5,575
Accruals and deferred income		130,543	161,756
		<u>1,516,274</u>	<u>1,440,057</u>

19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	20	<u>6,012</u>	<u>-</u>

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	1,850	-
In two to five years	6,012	-
	<u>7,862</u>	<u>-</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.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	99,047	91,703
Tax losses	(2,422)	(2,455)
	<u>96,625</u>	<u>89,248</u>
		2020
		£
Movements in the year:		
Liability at 1 October 2019		89,248
Charge to profit or loss		7,377
		<u>96,625</u>
Liability at 30 September 2020		<u>96,625</u>

22 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>56,634</u>	<u>62,696</u>

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

AUTO MARINE CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of £1 each	110,765	100,695	110,765	100,695
B Ordinary shares of £1 each	-	10,070	-	10,070
	<u>110,765</u>	<u>110,765</u>	<u>110,765</u>	<u>110,765</u>

The holders of A ordinary shares and B ordinary shares are entitled to receive dividends and share in any capital distribution on winding up or dissolution of the company.

During the year, the B Ordinary shares were re-designated to A Ordinary shares.

24 Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

25 Operating lease commitments

Lessee

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

	2020	2019
	£	£
Within one year	74,732	74,732
Between two and five years	149,464	224,196
	<u>224,196</u>	<u>298,928</u>

26 Ultimate controlling party

The company's parent is Auto Marine Cables International Limited.

Auto Marine Cables International Limited is under the ultimate control of PHD (Nominees) Limited.

The company is included in the consolidated accounts of Auto Marine Cables International Limited.