

Registration number: 03062174

Cirteq Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



Cirteq Limited

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Cirteq Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the manufacture and distribution of circlips, retaining rings and spring pressings.

Fair review of the business

The directors report the global pandemic has had a significant impact on the business, in particular Q1 and Q2. There was, however, a substantial upturn in customer orders in Q4 and this has continued into the new year. Turnover decreased by 12.12% on the comparative equivalent 12 months. The rate of gross profit to turnover was 10.56% in the year under review, compared with 17.87% in the previous period. Operating profit was £17,149 in the 12 months under review, compared with £596,681 in the previous 9 months.

The company continues to experience very comfortable levels of headroom in its borrowing facilities.

The directors continue to monitor the company's performance with care, with particular emphasis on mitigation of adverse exchange rate movements.

Principal risks and uncertainties

The company invoices a significant amount of its turnover in EUR and USD, and therefore there is a risk that prices when converted to GBP are subject to fluctuation.

The directors consider that the company enjoys a satisfactory credit rating with the major credit reference agencies and the company operates a strict policy of always paying its suppliers within agreed credit terms.

At 31 December 2020 the company's gearing (external borrowings less cash at bank and in hand versus shareholders' funds) was (4.3)% (31 December 2019: (12.7)%).

The company has an invoice discounting facility with HSBC, advancing funds (if required) within 24 hours of shipment and invoicing. At 31 December 2020, and at the date of this report, the headroom (unutilised borrowing capability) on this facility was in excess of £2.5 million.

Given the company's exposure to the export market and the departure of the United Kingdom from the European Union, the company's management team will continue to monitor the areas where "Brexit" could/will affect its operations.

While the global pandemic is ongoing the company's management team will continue to assess the effect on its employees and the business.

Approved by the Board on 23 February 2021 and signed on its behalf by:



P Watkins-Burke
Director

Cirteq Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year were as follows:

J H W Sommer

P Watkins-Burke

Employment of disabled persons

Applications for employment made by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and employment opportunities should be available to all employees.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the company. This has been achieved through regular meetings of the employee-elected works council with the managing director and other members of the senior management team, the minutes of which are made available to all employees.

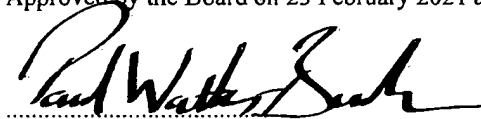
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Watson Buckle Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 February 2021 and signed on its behalf by:



P Watkins-Burke
Director

Cirteq Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Cirteq Limited

Independent Auditor's Report to the Members of Cirteq Limited

Opinion

We have audited the financial statements of Cirteq Limited (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Cirteq Limited

Independent Auditor's Report to the Members of Cirteq Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

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:

Cirteq Limited

Independent Auditor's Report to the Members of Cirteq Limited

In planning and designing our audit tests, we identify and assess the risks of material misstatement within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management, about their own identification and assessment of the risks of irregularities. We are also required to perform specific procedures to respond to the risk of management override.

Following this assessment we considered the opportunities and incentives that may exist within the company for fraud and identified the greatest potential for fraud in evaluating the stock.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the company operates, to enable us to identify the key laws and regulations applicable to the company. We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

We then performed audit procedures after consideration of the above risks which included the following:

- assessing the validity of standard costs applied in the valuation of stock;
- obtaining a detailed understanding of the methodology adopted by management and the key assumptions underpinning the calculation of the variable and fixed overhead applied in the valuation of stock;
- obtaining a detailed understanding of the methodology adopted by management and the key assumptions underpinning the calculation of the stock provision;
- performing a retrospective review of the previous year's stock provision to aid the consideration of the suitability of the methodology for the current year;
- evaluating the consistency of the methodology used to calculate stock provisions and variable and fixed overhead absorption applied to stock against that applied in prior periods;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims;
- reviewing correspondence with HMRC, and the company's legal advisors;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

All engagement team members were informed of the relevant laws and regulations and potential fraud risks at the planning stage and reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify such items.

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

Cirteq Limited

Independent Auditor's Report to the Members of Cirteq 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.

Watson Buckle Limited

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Gillian Craven FCA (Senior Statutory Auditor)
For and on behalf of Watson Buckle Limited,
Statutory Auditors & Chartered Accountants
Bradford

23 February 2021

Cirteq Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	1 April 2019 to 31 December 2019 £
Turnover	3	16,708,291	13,317,167
Cost of sales		<u>(14,943,879)</u>	<u>(10,936,898)</u>
Gross profit		1,764,412	2,380,269
Distribution costs		(745,090)	(608,271)
Administrative expenses		(1,586,872)	(1,212,512)
Other operating income	4	<u>584,699</u>	<u>37,195</u>
Operating profit	5	17,149	596,681
Interest payable and similar expenses	6	<u>(5,763)</u>	<u>(11,053)</u>
Profit before tax		11,386	585,628
Taxation	10	<u>(14,523)</u>	<u>(83,540)</u>
(Loss)/profit for the financial year		<u><u>(3,137)</u></u>	<u><u>502,088</u></u>

The notes on pages 12 to 30 form an integral part of these financial statements.

Cirteq Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020	1 April 2019 to 31 December 2019
	£	£
(Loss)/profit for the year	(3,137)	502,088
Remeasurement gain/loss on defined benefit pension schemes before tax	(984,000)	10,000
Movement on deferred tax relating to defined benefit pension schemes deficit	<u>169,100</u>	<u>(17,614)</u>
Total comprehensive income for the year	<u>(818,037)</u>	<u>494,474</u>

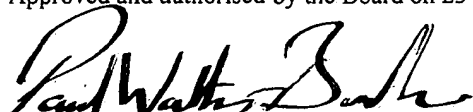
The notes on pages 12 to 30 form an integral part of these financial statements.

Cirteq Limited

**(Registration number: 03062174)
Balance Sheet as at 31 December 2020**

	Note	31 December 2020		31 December 2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,055,806		68,938
Investments	12		<u>-</u>		<u>-</u>
			1,055,806		68,938
Current assets					
Stocks	13	4,014,000		3,739,339	
Debtors	14	4,002,328		4,044,718	
Cash at bank and in hand		<u>2,340,447</u>		<u>1,356,488</u>	
		10,356,775		9,140,545	
Creditors: Amounts falling due within one year	15		<u>(4,052,888)</u>		<u>(1,921,753)</u>
Net current assets			<u>6,303,887</u>		<u>7,218,792</u>
Net assets excluding pension asset/(liability)			7,359,693		7,287,730
Net pension liability	17		<u>(890,000)</u>		<u>-</u>
Net assets			<u>6,469,693</u>		<u>7,287,730</u>
Capital and reserves					
Called up share capital	18	1,907,079		1,907,079	
Profit and loss account	19	<u>4,562,614</u>		<u>5,380,651</u>	
Total equity			<u>6,469,693</u>		<u>7,287,730</u>

Approved and authorised by the Board on 23 February 2021 and signed on its behalf by:



P Watkins-Burke
Director

Cirteq Limited

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

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	1,907,079	5,380,651	7,287,730
Loss for the year	-	(3,137)	(3,137)
Other comprehensive income	-	(814,900)	(814,900)
Total comprehensive income	-	(818,037)	(818,037)
At 31 December 2020	<u>1,907,079</u>	<u>4,562,614</u>	<u>6,469,693</u>

	Share capital £	Profit and loss account £	Total £
At 1 April 2019	1,907,079	4,886,177	6,793,256
Profit for the year	-	502,088	502,088
Other comprehensive income	-	(7,614)	(7,614)
Total comprehensive income	-	494,474	494,474
At 31 December 2019	<u>1,907,079</u>	<u>5,380,651</u>	<u>7,287,730</u>

The notes on pages 12 to 30 form an integral part of these financial statements.

Cirteq Limited

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

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Hayfield
Colne Road
Glusburn
Keighley
West Yorkshire
BD20 8QP

2 Principal accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentation currency is pounds sterling.

Summary of disclosure exemptions

The company has taken advantage of the exemption under Financial Reporting Standard 102 Section 33 Related Party Disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

The company has taken advantage of the exemption to disclose certain aspects of financial instruments, transactions with key management personnel and the exemption to prepare Statement of Cash Flows in accordance with Financial Reporting Standard 102 Section 1.12.

Group accounts not prepared

Cirteq Limited is exempt from preparing group financial statements as it is included in the financial statements of a larger group.

Disclosure of long or short period

The comparative accounting period was shortened from 12 months to 9 months to bring the company in line with the group and therefore comparatives are not entirely comparable.

Cirteq Limited

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

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

The company makes an estimate of the recoverability of the cost of stock. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

The carrying amount is £4,014,001 (31 December 2019 - £3,739,339).

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees and ex-employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Revenue recognition

Turnover represents the amounts chargeable, net of value added tax, in respect of sale of goods and services to customers.

Revenue from the sale of goods is recognised when significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Government grants

Grants are measured at the fair value of the asset received or receivable.

Grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

Grants relating to assets shall be recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it shall be recognised as deferred income and not deducted from the carrying amount of the asset.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Cirteq Limited

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

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	10% to 25% straight line / reducing balance basis
Fixtures and fittings	33.33% straight line basis
Motor vehicles	25% reducing balance basis

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Cirteq Limited

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

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plans

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Cirteq Limited

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

Financial instruments

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, 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 for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest for a similar debt instrument.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3 Revenue

No analysis of turnover is given as the directors consider this would be seriously prejudicial to the company.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020	1 April 2019 to 31 December 2019
	£	£
Government grants	485,685	-
Miscellaneous other operating income	99,014	37,195
	<u>584,699</u>	<u>37,195</u>

The grant income was in respect of the Coronavirus Job Retention Scheme.

Cirteq Limited

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

5 Operating profit

Arrived at after charging/(crediting)

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Depreciation expense	83,179	20,445
Foreign exchange (gains)/losses	<u>(15,929)</u>	<u>7,531</u>

6 Interest payable and similar expenses

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Interest on bank overdrafts and borrowings	5,953	7,503
Interest on obligations under finance leases and hire purchase contracts	810	550
Other finance costs	<u>(1,000)</u>	<u>3,000</u>
	<u>5,763</u>	<u>11,053</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Wages and salaries	5,899,544	4,218,419
Social security costs	557,086	393,909
Pension costs, defined contribution scheme	<u>246,859</u>	<u>166,912</u>
	<u>6,703,489</u>	<u>4,779,240</u>

Cirteq Limited

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

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2020 No.	1 April 2019 to 31 December 2019 No.
Sales, marketing and distribution	15	16
Production	220	209
	235	225

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Remuneration	171,843	98,489
Contributions paid to money purchase schemes	40,000	16,403
	211,843	114,892

During the year the number of directors who were receiving benefits was as follows:

	Year ended 31 December 2020 No.	1 April 2019 to 31 December 2019 No.
Accruing benefits under money purchase pension scheme	1	2

9 Auditors' remuneration

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Audit of the financial statements	20,725	23,000

Cirteq Limited

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

10 Taxation

Tax charged/(credited) in the income statement

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Deferred taxation		
Arising from origination and reversal of timing differences	14,523	87,614
Arising from changes in tax rates and laws	-	(4,074)
Total deferred taxation	<u>14,523</u>	<u>83,540</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (31 March 2019 - 19%).

The differences are reconciled below:

	Year ended 31 December 2020	1 April 2019 to 31 December 2019
	£	£
Profit before tax	<u>11,386</u>	<u>585,628</u>
Corporation tax at standard rate	2,163	111,269
Effect of expense not deductible in determining taxable profit (tax loss)	19,972	456
Deferred tax credit relating to changes in tax rates or laws	-	(4,074)
Increase from tax losses for which no deferred tax asset was recognised	65,190	-
Defined benefit pension contributions	(17,670)	(17,670)
Tax decrease from changes in tax provisions due to legislation	<u>(55,132)</u>	<u>(6,441)</u>
Total tax charge	<u>14,523</u>	<u>83,540</u>

Cirteq Limited

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

Deferred tax

Deferred tax assets and liabilities

	Asset £
31 December 2020	
Accumulated losses recognised	784,764
Net pension liability	134,191
Other short term timing differences	169,100
Accelerated capital allowances	<u>(180,805)</u>
	<u>907,250</u>
31 December 2019	Asset £
Accumulated losses recognised	743,539
Net pension liability	-
Other short term timing differences	6,251
Accelerated capital allowances	<u>9,883</u>
	<u>759,673</u>

There are £343,105 of unused tax losses (2019 - £Nil) for which no deferred tax asset is recognised in the Balance Sheet.

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £176,444 (31 December 2019 - £(35,650)).

Tax relating to items recognised in other comprehensive income or equity

	Year ended 31 December 2020 £	1 April 2019 to 31 December 2019 £
Deferred tax related to items recognised as items of other comprehensive income	<u>169,100</u>	<u>(17,614)</u>

The company has £4,473,440 (2019 - £4,203,842) of unutilised trading tax losses carried forward.

Cirteq Limited

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

11 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020	130,351	6,451	25,086	161,888
Hive across transfer	<u>2,621,308</u>	<u>160,988</u>	-	<u>2,782,296</u>
At 31 December 2020	<u>2,751,659</u>	<u>167,439</u>	<u>25,086</u>	<u>2,944,184</u>
Depreciation				
At 1 January 2020	64,025	6,451	22,474	92,950
Charge for the year	77,983	2,584	2,612	83,179
Hive across transfer	<u>1,556,719</u>	<u>155,530</u>	-	<u>1,712,249</u>
At 31 December 2020	<u>1,698,727</u>	<u>164,565</u>	<u>25,086</u>	<u>1,888,378</u>
Carrying amount				
At 31 December 2020	<u>1,052,932</u>	<u>2,874</u>	-	<u>1,055,806</u>
At 31 December 2019	<u>66,326</u>	-	<u>2,612</u>	<u>68,938</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Motor vehicles	<u>-</u>	<u>2,612</u>

Cirteq Limited

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

12 Investments in subsidiaries, joint ventures and associates

	2020 £	2019 £
Investments in subsidiaries	-	-

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	
		2020	2019
Subsidiary undertakings			
Ellison Circlips Limited Hayfield Colne Road Glusburn Keighley West Yorkshire BD20 8QP	Ordinary	100%	100%
Anderton Circlips Limited Hayfield Colne Road Glusburn Keighley West Yorkshire BD20 8QP	Ordinary	100%	100%

13 Stocks

	2020 £	2019 £
Raw materials and consumables	1,434,816	1,278,980
Work in progress	711,086	600,795
Finished goods and goods for resale	1,868,098	1,859,564
	4,014,000	3,739,339

Impairment of stocks

The movement in the impairment profit/(loss) included in profit and loss is £111,215 (2019 - (£188,689)).

Cirteq Limited

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

14 Debtors

	2020	2019
	£	£
Trade debtors	2,561,643	2,526,340
Amounts owed by group undertakings	-	173,259
Other debtors	174,309	173,228
Prepayments	275,126	412,218
Deferred tax assets	907,250	759,673
Income tax asset	84,000	-
	4,002,328	4,044,718

Details of non-current trade and other debtors

£812,250 (31 December 2019 - £494,189) of deferred tax is classified as non current.

15 Creditors

		2020	2019
		£	£
Due within one year			
Loans and borrowings	16	323,562	427,950
Trade creditors		1,587,686	1,107,973
Amounts owed to group undertakings		968,131	-
Social security and other taxes		177,433	184,063
Outstanding defined contribution pension costs		55,992	67,360
Other creditors		89,022	61,716
Accruals		851,062	72,691
		4,052,888	1,921,753

16 Loans and borrowings

		2020	2019
		£	£
Current loans and borrowings			
Bank borrowings		323,562	422,513
Finance lease liabilities		-	5,437
		323,562	427,950

Finance lease liabilities are secured on the assets concerned.

Bank borrowings

The bank loans and overdrafts are secured by way of fixed and floating charges over the assets of the company.

Cirteq Limited

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

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £246,859 (2019 - £166,912).

Contributions totalling £55,992 (2019 - £67,360) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

The company operates two defined benefit schemes for the benefit of past and present employees. The assets of the schemes are administered by trustees in funds independent of the assets of the company. Both these schemes are paid up.

Anderton Pension Plan

The most recent formal funding valuation performed by an independent actuary for the trustees of the schemes was carried out on 1 April 2018. FRS 102 allows those results to be approximately updated to estimate the Scheme liabilities, therefore the valuation has been updated to 31 December 2020 to produce the following disclosure.

The total cost relating to the Scheme for the year recognised in profit or loss as an expense was £Nil (2019 - £1,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020	2019
	£	£
Fair value of scheme assets	3,410,000	4,136,000
Present value of defined benefit obligation	<u>(3,545,000)</u>	<u>(3,880,000)</u>
Defined benefit pension scheme (deficit)/surplus	(135,000)	256,000
Asset ceiling	<u>-</u>	<u>(256,000)</u>
Recognised defined benefit pension scheme deficit	<u>(135,000)</u>	<u>-</u>

The surplus of the fair value of scheme assets over the present value of defined benefit obligation cannot be recovered through reduced contributions in future or through refunds and has therefore not been recognised in the financial statements in the prior period.

Cirteq Limited

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

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2020 £
Present value at start of year	3,880,000
Interest cost	74,000
Actuarial gains and losses	361,000
Benefits paid	<u>(770,000)</u>
Present value at end of year	<u>3,545,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £
Fair value at start of year	4,136,000
Interest income	79,000
Return on plan assets, excluding amounts included in interest income/(expense)	(61,000)
Employer contributions	26,000
Benefits paid	<u>(770,000)</u>
Fair value at end of year	<u>3,410,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2020 %	2019 %
Cash and cash equivalents	3	6
Equity instruments	57	49
Corporate bonds	38	30
Property	2	11
Gilts	-	4
	<u>100</u>	<u>100</u>

Return on scheme assets

	2020 £	2019 £
Return on scheme assets	<u>18,000</u>	<u>284,000</u>

The Scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Cirteq Limited

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

Principal actuarial assumptions

The principal actuarial assumptions used to update the valuation at the balance sheet date are as follows:

	2020	2019
	%	%
Discount rate	1.20	2.00
Future pension increases	3.00	3.00
Inflation	2.50	2.30

Post retirement mortality assumptions

	2020	2019
	Years	Years
Current UK pensioners at retirement age - male	21.00	20.90
Current UK pensioners at retirement age - female	23.30	23.10
Future UK pensioners at retirement age - male	22.30	22.20
Future UK pensioners at retirement age - female	24.70	24.60

Anderton Retirement and Life Assurance Plan

The most recent formal funding valuation performed by an independent actuary for the trustees of the schemes was carried out on 1 April 2018. FRS 102 allows those results to be approximately updated to estimate the Scheme liabilities, therefore the valuation has been updated to 31 December 2010 to produce the following disclosure.

The total cost relating to the Scheme for the year recognised in profit or loss as an expense was £87,000 (2019 - £2,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2020	2019
	£	£
Fair value of scheme assets	5,003,000	5,151,000
Present value of defined benefit obligation	(5,758,000)	(5,105,000)
Defined benefit pension scheme (deficit)/surplus	(755,000)	46,000
Asset ceiling	-	(46,000)
Recognised defined benefit pension scheme surplus/(deficit)	(755,000)	-

The surplus of the fair value of scheme assets over the present value of defined benefit obligation cannot be recovered through reduced contributions in future or through refunds and has therefore not been recognised in the financial statements in the prior period.

Cirteq Limited

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

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2020 £
Present value at start of year	5,105,000
Past service cost	88,000
Interest cost	101,000
Actuarial gains and losses	606,000
Benefits paid	<u>(142,000)</u>
Present value at end of year	<u><u>5,758,000</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £
Fair value at start of year	5,151,000
Interest income	103,000
Return on plan assets, excluding amounts included in interest income/(expense)	(176,000)
Employer contributions	67,000
Benefits paid	<u>(142,000)</u>
Fair value at end of year	<u><u>5,003,000</u></u>

Analysis of assets

The major categories of scheme assets are as follows:

	2020 %	2019 %
Cash and cash equivalents	8	9
Equity	54	55
Corporate bonds	30	24
Property	8	9
Gilts	<u>-</u>	<u>3</u>
	<u><u>100</u></u>	<u><u>100</u></u>

Return on scheme assets

	2020 £	2019 £
Return on scheme assets	<u>(73,000)</u>	<u>385,000</u>

The Scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Cirteq Limited

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

Principal actuarial assumptions

The principal actuarial assumptions used to update the valuation at the balance sheet date are as follows:

	2020 %	2019 %
Discount rate	1.40	2.00
Future pension increases	2.50	2.30
Inflation	2.50	2.30

Post retirement mortality assumptions

	31 December 2020 Years	31 December 2019 Years
Current UK pensioners at retirement age - male	19.40	19.30
Current UK pensioners at retirement age - female	21.60	21.40
Future UK pensioners at retirement age - male	20.60	20.50
Future UK pensioners at retirement age - female	23.00	22.80

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	1,907,079	1,907,079	1,907,079	1,907,079

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu for income, capital and voting rights.

19 Reserves

Share capital

Represents the nominal value of issued shares.

Profit and loss account

Includes all current and prior periods distributable profits and losses.

Cirteq Limited

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

20 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	-	5,437

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	1,205,747	601,271
Later than one year and not later than five years	976,051	1,161,652
Later than five years	926	10,034
	2,182,724	1,772,957

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,164,160 (2019 - £841,845).

21 Related party transactions

Summary of transactions with other related parties

Directors, their close family members and companies under common control.

Expenditure with and payables to related parties

	Other related parties £
31 December 2020	
Rendering of services	-
Rent	-
	-
31 December 2019	
Rendering of services	3,942
Rent	22,588
	26,530

Cirteq Limited

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

22 Financial instruments

Categorisation of financial instruments

	31 December 2020 £	31 December 2019 £
Financial assets measured at fair value through profit or loss	10,115	58,844

Financial assets measured at fair value

Derivatives

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 December 2020, the outstanding contracts all mature within four months of the year end (At 31 December 2019 - six months). The foreign currency forward contracts are not traded in active markets and have been fair valued using observable forward exchange rates.

The fair value is £10,115 (31 December 2019 - £58,844) and the change in value included in profit or loss is £(48,729) (31 December 2019 - £(16,768)).

23 Parent and ultimate parent undertaking

The company's immediate parent is Glusburn Holdings Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Titgemeyer Holding GmbH & Co. KG. These financial statements are available upon request from Hannoversche Strasse 97, 49084 Osanbrück, DE.

The ultimate controlling parties are Gerd-Christian Titgemeyer & Manfred Titgemeyer.